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29 MARCH 1990



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# ***JPRS Report***

# **China**

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## GENERAL

### LIAOWANG Discusses World Trends in 1990's

90ON0413A Beijing LIAOWANG [OUTLOOK]  
in Chinese No 4, 22 Jan 90 pp 38-39

[Article by Sa Benwang (5646 2609 2598): "The Sharpening Competition for Overall National Superiority Among All Countries Throughout the World"]

[Text] The changed trend in the world situation from tense confrontation to relaxed dialogue is expected to continue in the 1990's. This means mainly that there will be increasingly less military confrontation and less danger of a general war. As this trend brings more and more countries, and all major powers in particular, to the realization that their prosperity, safety, and international standing depend on their overall national strength, it can be predicted that a sharpening competition for overall national superiority among all countries will be a major feature of the developing world situation in the 1990's and on into the 21st century.

Although "overall national strength" still has no single definition, it is generally accepted as being a comprehensive reflection of a country's overall economic, political, scientific, technical, and military capabilities and key factors, such as territory, geography, population, natural resources, society, and culture, as well as the chief criterion by which to measure its strength and international standing. Overall national strength includes both tangible factors of relatively permanent components, and intangible ones of constantly changing categories. Dr. Huntington, director of the International Affairs Center at Harvard University in the United States, has summed up the 10 key factors in overall national strength as being population size and education standards, natural resources, economic development level, social coherence, political stability, military strength, ideological appeal, diplomatic alliances, technological development level, and geopolitics. Moreover, he thinks that the ultimate expression of a country's overall national strength is its ability to recover after suffering various setbacks and to constantly rejuvenate itself by overcoming all kinds of difficulties.

The major trends that are likely to appear in the competition for national superiority among all countries in the 1990's are as follows:

#### I. The Focus of Competition Will Change From Military Might to Economic Growth

As world tensions ease, the role of military might will decrease correspondingly, while that of economic power will clearly increase. Thus, many countries throughout the world and the major powers in particular, will change their focus of competition from military superiority to economic development and formulate new strategies to vie for economic superiority in the 21st century. The 1990's will be a decade when economic reform and restructuring will develop in depth throughout the world.

The "Accelerated Development Strategy" of the Soviet Union, calls for both national income and GVIO [gross value of industrial output] to double in the 15 years from 1986 to 2000. The USSR will try to narrow its economic gap with the United States in order to maintain its status as a superpower.

Solutions to the sharpening economic development imbalances and many difficulties that followed the steady economic growth in Western countries in the late 1980's, will have to be found in general economic restructuring. The direction of U.S. strategic restructuring in this area is clearly to resolve its problems of high budget deficits, debts, and foreign trade deficits and enhance its international economic status by cutting back its armed forces, military expenditures, overseas troop strengths, and military bases.

The developing countries are in the process of exploring new paths of economic development, restructuring their economies, and revising their debt policies to adapt to the sharpening international economic competition and enhance their economic standings.

As all countries are paying more attention to economic growth, greater progress is likely to be made in U.S.-Soviet and East-West arms control and disarmament talks, and agreements for large-scale nuclear and conventional arms reductions are likely to be reached. Of course, this certainly does not mean that the U.S.-Soviet arms race is over, and military might will remain an essentially basic key factor in overall national strength. The focus of the arms race will continue to change from quantity to better quality.

#### II. The Competition for Higher Technology Will Intensify

Because most S&T developments from the 1980's will produce results in the 1990's, the nineties will be a decade of rapid and vigorous growth in the S&T revolution, in which greater breakthroughs are likely to be made and more S&T achievements are likely to be put into application and production. The sharpest competition for overall national strength will occur in the S&T field.

Because microelectronic technology is the key to the S&T revolution, the development and widespread use of smaller and smarter computers in areas such as production, management, and service will open up broad prospects for the automation of traditional industries. New breakthroughs will be made in space technology, and manufacturing in outer space will become more commercialized. In the field of biotechnology, genetic engineering will also be commercialized more rapidly. Significant achievements will be made in the development of new materials such as ceramics and superconductors.

In order to meet the challenge of the new S&T revolution, all the major powers of the world will make high-tech development their main strategic direction of attack. High-tech development strategy has become a

key part of national strategy and national security strategy in all major contemporary powers. In fact, competition for higher technology is the core of the U.S. "Star Wars" program, Western Europe's "Eureka" plan, Japan's "Vigorous S&T Development Project," and the Soviet Union's "Accelerated Development Strategy."

### **III. The International Standing of Japan and the European Economic Community Will Continue To Rise**

The United States is likely to continue to rank first in overall national strength throughout the world in the 1990's and on into the early part of the 21st century. Although the U.S. Congress Joint Economic Commission predicts that the U.S. GNP will reach \$7.86 trillion by the year 2010, which will still be more than Japan's (\$3.714 trillion) and the Soviet Union's (\$2.873 trillion) combined, the relative international standing of the United States will tend to fall. From the perspective of GNP, which best reflects overall national strength, the 45 percent of the world's gross output value that the United States claimed in the early 1950's has now dropped to 21 percent, while Japan's international standing has clearly risen. Japan's GNP has risen from only one-eighth of the U.S. GNP in the mid-1960's to more than one-half at present, and its per capita GNP is already higher than that of the United States. While the United States has become the world's greatest debtor nation, Japan has become its greatest creditor nation and the biggest U.S. creditor. Japan has also become the strongest U.S. high-tech competitor, and is ahead of the United States in many fields.

The EC as a whole has greater development potential than Japan and a higher GNP than the United States. The U.S. Congress Joint Economic Commission predicts that the EC will still have a higher GNP than the United States by the year 2010. Dr. Huntington predicts that only the EC will have an overall national strength that is comparable to that of the United States in the early part of the 21st century, and that "if the 21st century is not a U.S. century, it can only become a European one."

### **IV. The Asian-Pacific Region Will Steadily Increase in Importance**

The economy of the Asian-Pacific region is growing quickly and with vigorous momentum, and is constantly accounting for a bigger proportion of the world's economy. In addition to Japan's sudden rise as a world economic power in the Asian-Pacific region, the rapid economic growth of China, ASEAN, and the "four little tigers" has also been spectacular. The Asian-Pacific region's economic growth rate ranks first in the world, is more than twice as high as the world average, and averaged about 7 percent in both 1987 and 1988. The economic growth rates of countries such as Singapore, South Korea, Thailand, and Malaysia, are almost in double digits and rank first in the world. The 8.4 percent of the world's gross output value that the Asian-Pacific region's GNP accounted for in 1965, had increased to 19 percent by 1987.

### **V. The Trends Toward Regionalization and Formation of Blocs Will Continue To Grow**

As a result of the new technological revolution, one country going it alone and even bilateral cooperation between countries are not suited to the needs of social development. In the wave of global competition for overall national superiority, the trends toward regionalization and formation of blocs will continue to grow. Countries in all regions and blocs are striving to join forces to counteract their own national weaknesses and make themselves more competitive with forces beyond their own regions and blocs.

In addition to the existing economic blocs of CEMA, which is composed mainly of the Warsaw Pact countries, and ASEAN, the European EC is planning to set up a "general unified European market" in 1992 to achieve free circulation of commodities, labor, personnel, and capital among its members. The U.S.-Canada Free Trade Zone Agreement officially went into effect on 1 January 1989. The United States will take further steps in the 1990's to try to form a U.S.-Canada-Mexico free trade zone, and then will strive to form all of North, Central, and South America into an American economic zone. In order to expand its influence in the Asian-Pacific region, Japan is taking active steps to form an East Asian or Asian-Pacific economic bloc centered in Japan. In addition, preliminary informal discussions on an African common market, and a Latin American merger are now underway.

### **VI. The Disparity Between North and South Will Widen**

The Western countries made a certain amount of overall progress in restructuring and putting their economies into a stable growth phase in the 1980's. The GNP's of the United States, Western Europe, and Japan grew 3.9 percent, 3.5 percent, and 5.75 percent, respectively, in 1988, all of which were higher than in 1987, and this trend is likely to continue into the 1990's. As their general political situations are also relatively stable, their overall national strengths will tend to grow steadily.

Except for a few Asian countries, the other developing countries have not had much success in restructuring their economies. The old international economic order has been a grave impediment to economic development in the Third World. Latin America's economic growth rate was only 0.3 percent and Africa's was about 2.4 percent in 1988, both of which are lower than their population growth rates, and their per capita output value has decreased year after year. The developing countries are heavily burdened with foreign debts, which amount to more than \$1.3 trillion, or 40 percent of their GNP's. Some developing countries have unstable political situations, endless streams of coups d'etat, and frequent local conflicts. Chaos caused by war, famine due to crop failures, and political unrest are doing them great damage and undermining their normal economic

growth. The disparity in overall national strength between North and South is likely to continue to widen in the 1990's.

## SOVIET UNION

### Analysis of Recent Developments in USSR-EC Relations

90ON0383A Beijing SHIJIE ZHISHI [WORLD AFFAIRS] in Chinese No 2, 16 Jan 90 pp 7-8

[Article by Yu Cheng (0060 4453): "Soviet Foreign Minister Shevardnadze's Breakthrough Visit to the European EC and NATO Headquarters Was Unprecedented for the Soviet Union and the Warsaw Pact"]

[Text] Although Soviet Foreign Minister Shevardnadze's trip to Brussels on 18-19 December 1989 was not such a spectacular item on the agenda, it was certainly a visit of far-reaching significance to the recent development of relations between the Soviet Union and the West. In addition to taking a working trip to Belgium, Shevardnadze's chief mission during these two days was to visit the European EC and NATO headquarters in Brussels. He signed an agreement on behalf of the Soviet Government for extensive economic relations and trade with the EC, and held "very constructive" talks with NATO General Secretary Werner. The media has characterized this visit as a breakthrough not only because a visit by a Soviet foreign minister to the headquarters of these two Western organizations was unprecedented, but also because it reflects the understandings that were reached on many issues in East-West relations by the leaders of the Soviet Union and the United States at their recent meeting in Malta.

Relations between the Soviet Union and the EC have been tortuous, with the Soviet Union refusing to recognize the EC for 27 years after it was founded in 1958. After Gorbachev came to power in 1985, the Soviet Union began to recognize the EC as a political entity, and took the initiative to propose resumption of negotiations on establishing diplomatic relations between CEMA and the EC, which had been suspended for a time. After formal relations were established between CEMA and the EC in June 1988, the Soviet Union and the other CEMA countries also began separate negotiations with the EC on signing cooperative economic relations and trade agreements. The EC has signed such agreements with Hungary, Czechoslovakia, and Poland in the last year and a half. After tough negotiations, the Soviet Union has also finally made a breakthrough in its negotiations with the EC. The agreement that was signed this time involves cooperation in fields such as trade, science and technology, daily necessities production, and nuclear reactor safety. In addition to stipulating that the Soviet Union and the EC will accord each other most-favored-nation treatment, since the agreement also provides for elimination by the EC of restrictions on 1,500 Soviet exports, the Soviet Union sets a high value on it.

If it is said that Shevardnadze's visit to the EC headquarters was a significant act of "dealing with concrete matters relating to work," then his visit to the headquarters of NATO, whose mission is to "guard against the Soviet threat," had even more symbolic significance in current East-West relations. Shevardnadze was not only the first Soviet foreign minister, but also the first Warsaw Pact minister, to visit NATO in the last 40 years. The critics say that although antagonism between these two major blocs—the Warsaw Pact and NATO—has certainly not disappeared, a certain common language between them has begun to emerge along with the changing circumstances in Europe. Shevardnadze characteristically joked with reporters as he was leaving the NATO headquarters that he certainly was not afraid, even though he was standing at the mouth of the NATO volcano, and said that he held the same or similar views as Werner on the new roles and interrelations between the Warsaw Pact and NATO. Both parties agreed that even though East-West tensions had greatly eased, the Warsaw Pact and NATO were still necessary because they could play extremely important stabilizing roles at the present crucial moment in Europe's development. The analysts think that the Soviet Union has recently made a very big change in its views on the roles of the Warsaw Pact and NATO, and that it has actually renounced its own proposition that the Warsaw Pact and NATO alliances be dissolved simultaneously.

Since the Soviet foreign minister's visit to the supreme headquarters of these two major Western organizations in December 1989 was obviously not by chance, the motives behind it can be considered as follows: 1) As its domestic economy has run into unprecedentedly severe problems, the Soviet Union is in need of immediate Western support and help, and of aid from its neighboring Western European countries in particular. 2) How to stabilize Europe and ensure that postwar borders are not encroached upon during the turbulence in Eastern Europe, has become an urgent diplomatic task for the Soviet Union. Therefore, the Soviet Union was forced to open a dialogue with NATO in a joint attempt to preserve European stability in this transition period. Obviously, the Western countries also want to win political and economic advantage from the Soviet Union's reforms.

Of course, everything certainly did not turn out according to the Soviet foreign minister's wishes on this trip, and many differences still existed between the two sides on both political and economic issues. The most obvious was that NATO General Secretary Werner rejected Shevardnadze's proposal that formal contacts be established between the two major blocs of the Warsaw Pact and NATO, holding to the position that the Warsaw Pact must carry out further reforms before any dialogue with NATO could be held. The EC still continued to place many "restrictions" on economic cooperation issues, and those involving high-tech cooperation as provided by the Paris Convention in particular. Dispatches from foreign news agencies noted the

"detail" that the favorable terms given by the EC to the Soviet Union were far less generous than those given slightly earlier in the year to Poland, which shows that the West is being very cautious in developing relations with the Soviet Union. It looks like the Soviet Union will have to pay dearly for any advantages that it wants from the West.

### **U.S. 'Act of State Terrorism' Protested**

*OW1403022390 Beijing XINHUA in English  
0044 GMT 14 Mar 90*

[Text] Washington, March 13 (XINHUA)—The Soviet Union has lodged a strong protest with the United States on an "act of state terrorism."

Sergey Chetverikov, charge d'affaires of the Soviet Embassy here, met with Deputy Secretary of State Lawrence Eagleburger Monday to complain about the handling of Viktor Sheymov, a former KGB officer who was smuggled out of the Soviet Union by the Central Intelligence Agency (CIA) a decade ago.

Speaking at a press conference, the Soviet charge d'affaires accused the U.S. spy agency of "subversive action" for smuggling Sheymov out of his country. It was a "gross violation of rules of international law, which is, in fact, an act of state terrorism," he said.

"The Soviet Embassy lodged a strong protest with the State Department," he added.

Sheymov appeared in public on 2 March at a press conference at the National Press Club after being found mysteriously missing with his wife and a five-year-old daughter from Moscow in 1980.

He told reporters that the KGB had two sources in the U.S. State Department in the 1970's, who provided secret information to the Soviets on U.S. policy and negotiation strategy.

He also alleged that the KGB had a plan to assassinate Pope John Paul and was involved in the attempt on the late President Zia-ul Haq of Pakistan, an allegation which Chetverikov dismissed.

The Soviet charge d'affaires also noted that he was particularly concerned about the fact that Sheymov made the allegations at the time of a thaw in the relations between the Soviet Union and the United States.

### **Ligachev Urges 'Sectarian,' 'Antisocialist' Purge**

*OW1803192690 Beijing XINHUA in English  
1505 GMT 18 Mar 90*

[Excerpt] Moscow, March 18 (XINHUA)—Soviet Communist Party Politburo member Yegor Ligachev has demanded those who participated in sectarian and anti-socialist activities be purged from the party, the Soviet daily PRAVDA reported Monday.

Addressing the plenum of the party Central Committee on Friday, Ligachev said sectarians and antisocialist activists exist in the government and party, ranging from the Supreme Soviet, the party Central Committee to local organizations.

He attributed the country's worsening situation to the weakening of the party's organization and its ideology, saying he believes the Congress of People's Deputies and the Communist Party are able to put the critical situation on the right track of progress. [passage omitted]

## **SUB-SAHARAN AFRICA**

### **'Experimental' Farm Donated to CAR**

*OW1903040090 Beijing XINHUA in English  
0224 GMT 19 Mar 90*

[Excerpts] Beijing, March 19 (XINHUA)—News in brief from Africa: [passage omitted]

—Bangui—The handing-over ceremony of a China-aided experimental farm took place in M'poko, 26 km from Bangui, capital of the Central African Republic, on March 17. [passage omitted]



**Student Questions Denial of CYL Membership**  
90ON0350A Beijing ZHONGGUO QINGNIAN BAO  
in Chinese 26 Dec 89 p 3

[Letter to editor and response: "Was I Being a 'Show-Off?']

[Text] Comrade Editor:

My school's CYL Committee is recruiting new members, and I submitted my application to the organization. For my personal profile, I wrote the following: I am a professional student of literature in Shijiazhuang's Wuqiang College, a member of the Qingdao Literary Club, special reporter for XINWEN FANGCAO BAO, and my work has been accepted for publication by the minor writers' creative writing class. Who would have thought that I would be chastised as "Old Woman Wang selling melon"—blowing my own horn—and rejected by the League Committee.

At school I volunteer my spare time to give literature lectures to underclassmen and to organize and take part in a variety of activities to solicit essays. Some teachers too consider me "supercilious" and "self-satisfied," and I need not go into what my classmates think of me.

I don't deny that, as a warm-blooded young man, I have my "ambitions"; I want my literary work to prove my existence. But I don't understand why others are always judging me and measuring me by their conventional values. Was I wrong?

Zhou Wen [0719 2429] of Jiangxi's Jiujiang

Dear Zhou Wen,

*It is not your fault—this was my first impression as I read your letter, but there are "imperfections"—this was also my feeling.*

*In your application, you put down your "qualifications," which your contemporaries would be envious of, and supplied the CYL Committee with all the facts needed to assess and to know you. There is nothing wrong with that. Your deeds, including the literature lectures you give to the underclassmen and your volunteer work, are admirable. To give oneself credit for one's contributions and accomplishments is every person's right and privilege and is necessary if others are to know more about you. On the other hand, the league also wants the young people it recruits to be openhearted and aboveboard and honest and magnanimous.*

*But in the real world, why are some proper conduct and progressive thoughts often censured? Why are they often relegated to the minority faction?*

*Your "experience" can be likened to a drop of water that reflects the glory of the sea. It reflects the contradictions as new concepts replace the old. Underneath all these is the refusal to understand your "unconventional" behavior*

*(such behavior may resemble but is very different from the behavior some people find repugnant) and it also conceals a hint of jealousy.*

*You must "understand" that in the cultural tradition of this vast country there are still many stubborn germs that are harmful to the development of modern civilization. The old adages, "fame portends trouble for men just as fattening does for pigs," "a tall tree catches the wind," and "a bird that stands out gets shot at," may seem to be aiming at you, but they have been around for thousands of years. Unfortunately, these genes are exerting a subtle influence on the people's thinking as they are passed on from generation to generation and are multiplying to this day.*

*It takes time to eradicate such insidious germs and diseases, and we have to pay a high price. When the Foolish Old Man attempted to move the mountain, the gods were so moved that they sent two angels to move Taihang Shan and Wangwu Shan for him. But the huge mountain of old concepts that we in this generation are trying to move is invisible; we ourselves must do the digging. For you, who are already encountering this problem as a high school student, and because it has provoked such deep thoughts, it is really a blessing. If you can look squarely at the problem and acknowledge its existence, if you do not become discouraged or downhearted and continue to prove yourself in practice by doing things that benefit others and benefit yourself at the same time, you will have the precious experience that others of your age have never had, and you will have the ability to cope, which will help you sail steadily through the stormy seas of life.*

*Of course, because we are young, we are often indiscreet, and we are prone to brag about things we know little about and hurl criticisms. So, just as you said, people find us "supercilious," "self-satisfied," and call us "Old Woman Wang who sells melons." The difference is, some people do have good melons to sell—have something to be proud of, but they may have exaggerated their accomplishments a little. Others are "selling snake melon as muskmelon" and must resort to "coating the rubbish with gold and jade" to sell themselves. Because the latter are "sharp-tongued, thick-skinned, and uneducated," people often find them repulsive, and they are the reason why some people simply reject all "melon-sellers," whether they are selling good or bad melons. At this point, all you can do is to examine the way you display your ability to see if you are conducting yourself properly. There is nevertheless a difference between seeking truth from facts and impressing people by claptrap. The fact of the matter is, in an environment where there is little consensus, even a real hero need not necessarily announce himself to the world; instead, he should prove himself in action.*

*I do not know if you also mentioned your shortcomings in your resume, and therefore I somehow find it flawed. If you have left them out, you should supply the missing information.*

**PLA Soldiers in Gansu Victimized Despite Good Works**

90ON0350B Beijing ZHONGGUO QINGNIAN BAO  
in Chinese 12 Jan 90 p 2

[Article: "Do Good Deeds, Welcome All Customers, Capture Thief, and Find Themselves Robbed"]

[Text] "Thief! Thief!" Several hundred pairs of eyes turned to focus on two young, woolly-headed guys who were trying to get loose. Five or six PLA [People's Liberation Army] soldiers were struggling with them. Quickly, the two thieves were wrestled down and taken to the public security office. This reporter was an eyewitness to this incident in a busy city square in Gansu's Linxia City on the afternoon of 26 November of last year.

It was a Sunday, just after lunch. Comrades of the Emulate Lei Feng Group of a PLA motor vehicle company's CYL [Communist Youth League] branch brought along their assorted barber and repair tools to the city to offer their services to the people, as was their usual practice. After he finished cutting his customer's hair, platoon leader Dong Qiushe [5516 4428 4357] looked around at the crowd that had gathered around and caught sight of a young man with shoulder-length hair and arms folded in front of his chest in the act of stealing. Platoon leader Dong yelled, "Seize that thief!" Upon hearing that, the thief started to run. Several soldiers were nearby to block the way, and it took some work to wrestle two thieves to the ground. During the struggle, platoon leader Dong was wounded in the left arm. The crowd of more than a hundred made a lot of noise, but no one stepped out to help. What was even more infuriating was, after the soldiers took the thieves to the public security office, they returned to the square to find their tools gone without a trace.

## NATIONAL AFFAIRS, POLICY

### Wu Jinglian Advocates Rectification Through Reform

90OH0288B Beijing JINRONG SHIBAO in Chinese  
2 Jan 90 p 3

[Article by Wu Jinglian (0702 2417 8834), Research Member and Secretary of the State Council Development Research Center: "Promoting Readjustment With Reform"]

[Text] After a year of management reorganization, there have been encouraging changes in the macroeconomic environment. At the end of October, the amount of currency in circulation had risen only 10 percent over the same period in 1988, and GNP growth was close to the same period. Because purchasing power declined, production resources, such as steel, that had been in short supply for a long time became unmarketable. Price increases gradually slowed month by month, so that in each month of the fourth quarter the price rise was between zero and one percent slower than the previous month. At the same time, the industrial production growth rate for October showed negative growth, and in November it increased slightly. Industrial enterprises operated under capacity and the unemployment rate rose. These phenomena indicate that economic rectification is beginning to take effect and overall control is now working.

However, the ultimate goal of rectifying the national economy and making it able to sustain stable coordinated development is still a long way off. The underlying causes of the serious inflation and economic problems which had appeared in our economy in the past few years are the serious defects in structure and the economic system, and cannot be solved by relying on overall retrenchment alone. If a poor economic structure cannot be improved, and the allocation of scarce resources cannot be improved, overall retrenchment is bound to lead to atrophy of production; if we simply adopt the methods of increasing loans and pumping in currency to preserve a certain rate of economic growth, as the growth rate reaches the middle level, the reappearance of serious inflation will be unavoidable. Thus, while maintaining the current degree of retrenchment, we must improve our strategy by shifting the emphasis of our work from overall retrenchment to structural reorganization, and make improving economic efficiency and effective supply our urgent tasks.

Reorganization of the economic structure must rely on an economic system which can operate effectively and an overall economic policy which relies on this system. However, as we have analyzed many times in the past, the underlying systemic causes of the deterioration of China's economic structure and the decline in economic benefits in recent years are due to unsystematic and unthorough economic reform; a mixed economic system which is neither a highly centralized command economy

nor a managed market economy which was created by the sluggishness of fundamental reforms. Thus, it is impossible to carry out structural reorganization relying on this system.

Although there are precedents in our history for using a highly centralized command planned system to realize structural reorganization in a short time, such as the "transfer labor to the countryside" and the "Great Leap Forward" which led to economic crisis, in 1961-62 it was this type of system we relied on to carry out economic reorganization. However, it should be emphasized that not only does the method of intensely centralized administrative authority go against reform and liberalization, but China does not now have the conditions for reconstructing a high centralized and unified command planned system. Because, (1) the current economy is incomparably more complex than that of the 1960's and 1970's, and the state-owned economy makes up less than 50 percent of the total national economy. Under these circumstances, using a highly centralized, unified macro-micro system to command the entire national economy will be very hard to do. (2) After 10 years of reform, economic interests have formed a pluralistic pattern, local interests can match overall interests only by making the best use of commodity relations, and on this basis to coordinate multilevel and individual unit decision-making by using the coercive and substitutive command-obey system mechanism alone will be very difficult

Thus, the more realistic choice is to promote reform resolutely, and while vigorously increasing the central macroeconomic regulation and control capacity, fully apply various economic levers to realize improvement of the economic structure. In other words, develop the superiority of a planned commodity economy by continuing reform and realize the task of reorganizing the national economy. Generally speaking, the basic direction of reform is: (1) Coordinate the overall policy of retrenchment and reform the macroeconomic management system to establish a macroeconomic management system that is suited to the development of a planned commodity economy. (2) Change the current situation in which enterprises are "responsible for profits but not for losses" and promote enterprise reform so that enterprises become commodity producers and managers who are truly autonomous managers and responsible for profits and losses. (3) Carry out price reform in a planned way and spur market formation using "regulation" and "relaxation" to realize a combination of the two pricing systems, and basically change the situation in which prices "neither reflect value nor the supply and demand relationship," and effectively establish a foundation for a commodity economy.

The advantages of adopting the strategy of promoting reorganization through reform are: it can help overcome the current difficulties caused by insufficient purchasing power, and improve the economic structure and economic benefits by improving economic mechanisms, and hence eliminate the deep-seated causes of inflation and economic crisis. The primary difficulties and risks of

implementing this idea may be: improving competition may cause changes in the existing pattern of interests; thus, some social problems may appear. At the same time, any careless measure may provoke the appearance of latent purchasing power and create a buying frenzy. Yet, there is probably no other way out of the "vicious cycle" of "retrenchment is recession, relaxation is inflation." Moreover, the possible appearance of the above-mentioned serious problems may be prevented and overcome by depending entirely on detailed preparatory work, implementation of thorough measures, adoption of certain dredging, buffer, and guarding measures.

### Effects of Retrenchment Should Be Closely Reviewed

90OH0408A Beijing JINRONG SHIBAO in Chinese  
1 Feb 90 p 2

[Article by Tong Guoping (4547 0948 1627): "New Life Comes After the Pains of Childbirth: A Review of the Effects of the Retrenchment Policy"]

[Text] Retrenchment was not only the keynote of 1989's national economic policy, but it is still a central economic task for 1990. Some enterprises have met its difficulties head-on and are still overflowing with vitality, while others feel quite helpless and are steadily deteriorating. In the final analysis, how should retrenchment be dealt with?

Although devolving authority to lower administrative levels is the key issue that has been emphasized in enterprise reform in recent years, many people feel that the calls for it have left too little attention being paid to improving enterprises' competitiveness, and especially their ability to adapt to market fluctuations. This has kept enterprises to a great extent from enhancing their own quality.

Even though the actual strength of enterprises comes from the quality of their products, the quality of many products on the current domestic market has certainly left shoppers with plenty of headaches. Moreover, no matter how poor the quality of their management or how inferior the quality of their products in the steaming markets of recent years, enterprises have still generally been able to get a piece of the pie without people being able to judge their quality, as long as they had money and raw materials and exerted a little effort. However, retrenchment circumstances in 1990 are certainly going to shake up this situation.

Slumping markets are also "bringing to light" past blurred distinctions, such as the quality of enterprise management and products and whether their products are plentiful or in short supply. The restructuring of industry and product mix along with retrenchment has provided more secure material guarantees for the growth of outstanding enterprises. It is understood that in spite of 1990's tightening of money, the state is still continuing to assign "extra" funds to large- and medium-sized enterprises that pay more profit taxes,

in order to generally increase their credit funds, and that materials departments are also beginning to draw up and put into effect preferential materials supply policies to ensure that large- and medium-sized enterprises are "satisfied" as much as possible. Moreover, long-standing supply shortages in areas such as power, raw materials, communications, and transportation, have begun to ease up.

Yes, retrenchment has put pressure on enterprises. But has it put too much pressure on them, made them gasp for breath, or suffocated them?

Although tight money is now being generally reported by enterprises, I encountered unusual situations more than once in my coverage of the matter. Even though one Beijing bank office repeatedly phoned a top-grade key enterprise to offer it a starter fund loan of 3 million yuan, the factory responded coldly. When the prospective creditor was unwilling to let the matter drop and made a special trip to the factory director's home to talk him into accepting the loan, to his surprise he was politely refused. The factory director later told me the following story.—The source of the present tight money is certainly not large- and medium-sized key production enterprises per se, but rather commercial enterprises in the field of circulation. As long as commercial enterprises do not have the money to buy our factories' products, what use is more money to us? Producing more products will keep us more overstocked than before, raise our enterprise's interest payments, and lower our economic efficiency.—This factory director's actions and reflections certainly give food for thought. Although the retrenchment is certainly reflected in the overall situation, it seems that it is necessary to distinguish its order of importance and urgency, since it certainly has a much different impact on each link of economic activity and in different situations.

Another fact that should not be avoided is that retrenchment has also injured some enterprises which should actually have continued to grow. It is understood that the market for the products of several large Beijing enterprises that manufacture construction machinery suffered a disastrous decline in 1989, and that many orders were even cancelled by customers during the last half of the year. The same thing also happened to the color television and automobile manufacturing industries. A comrade from the People's Bank of China in Beijing Municipality spoke as follows: What should actually have been done for such enterprises that experienced declines after retrenchment due mostly to policy factors? The departments concerned should have resolved the problem long ago. That they did not would be understandable if the state did not want these industries to grow. But since their products were obviously oriented to industrial development policies and the enterprises were quite well-managed, should not a special way have been found to resolve their problems instead of leaving them hung up in such an awkward situation?

While the retrenchment policy has made it more possible to restructure industry and product mix, only restructuring can ensure that the maximum effects of retrenchment are realized. This is going to be a crucial issue for economic work in 1990 and the years ahead. I found out through my coverage of the matter that although there are loud calls for restructuring, it is actually progressing slowly and with difficulty. The dilemma here is that the departments that propose or enforce restructuring are often unable to restructure their own industries and product mixes first. Although a survey conducted by the Industrial and Commercial Bank of China in Beijing Municipality in 1989 listed dozens of state-owned enterprises which should have been operated on because their efficiency was too poor, not one of them has closed down, stopped production, or been merged a year later. On one hand, some bankers have also reported that certain departments that apply for bank loans to enterprises whose products are out of line with industrial policies, are surprisingly the very ones that formulate and are supposed to enforce them. On the other hand, even though the central government is actively calling for vigorous development of basic industries, such as power, transportation, and agriculture, it is quite clearly not increasing its actual money investment or scope of capital construction in this sector in 1990.

Let me put it this way. Retrenchment is like a two-edged scalpel which, if not wielded precisely, will damage healthy organs in the process of cutting out ulcers. Thus, the issue that people are paying the most attention to is how to keep retrenchment firm, while allowing it a certain amount of flexibility.

#### **Analysis of Rectification, Price Reform**

90OH0393A Beijing JINGJI CANKAO [ECONOMIC INFORMATION] in Chinese 5 Feb 90 p 4

[Article by Ling Lianping (0407 5114 1627): "Price Reform During the Period of Improving the Economic Environment and Rectifying the Economic Order"]

[Text] Price reform will be a key way to accomplish the task of gradually lowering the rate of inflation to bring China's retail price index under 10 percent, which is one of the major objectives of improving the economic environment and rectifying the economic order.

Although overall price increases, that are invariably caused by either modifying prices or changing the price formation mechanism, are one of the inevitable costs of price reform, it will be best to take structural modification steps to gradually rationalize prices during the period of improving the economic environment and rectifying the economic order (the rectification period), so as to achieve the goal of rationalizing prices without setting off waves of price increases. The critical imbalances in China's industrial structure were caused by severe distortions in our price structure. Prices too low for basic products and services, such as power, raw materials, communications, and transportation; and

prices too high for manufactured goods, have left basic industrial growth far behind that of manufacturing. In order to restructure industry, the state must raise the prices of basic products in a planned way, by stages, and in groups, and make enterprises absorb as much as they can of the resulting manufacturing cost increases to keep these price increases from being passed on. In addition, in order to achieve the goal of reorganizing circulation and establishing normal regulations and procedures for market transactions, it will be necessary to change the dual-track pricing system as quickly as possible into a single-track one, so as to put an end to the various kinds of profiteering that it causes and cut off the "sources of revenue" through which various companies get rich by taking advantage of its price differences. It must be emphasized that price reform will have to be carried out very carefully during the rectification period. In order to achieve the aim of controlling overall price levels, it will be necessary to put as few price reform measures as possible into effect and ensure that they consist mainly of "modification" instead of "deregulation." The crucial issue raised by the present high rate of inflation is how to carry out price reform while controlling inflation.

The reality is that since inflation has already appeared in China's economic life, we no longer have the choice of carrying out price reform at our leisure after we have eliminated it. Thus, as inflation already exists, we must take the following limited price reform steps that will not worsen it during the rectification period: 1) Gradually reduce the rate of inflation and the extent of price increases to achieve basic price stability. 2) Lay the groundwork to eliminate dual-track prices. Although the dual-track pricing system that has been in effect since 1985 has become a new target of reform, the dilemma is that it absolutely must be changed, even though eliminating it all at once will certainly have many drawbacks, cause unfair distribution, and upset the economic order. 3) Restructure our increasingly irrational prices to change our irrational price relations. Inflation imbalances price relations. The result of these imbalanced price relations in China is that the prices of products that are in short supply increase less than the rate of inflation, while the prices of those that are plentiful increase more than the rate of inflation, which reduces prices for products that are already high-priced and in short supply, and increases prices for products that are already high-priced and plentiful. The reason for this is that the government often resorts to price controls to control excessive price increases. Moreover, it controls first the prices of staple, key, and easily controlled products, such as power, transportation, and raw materials. Since inflation has appeared, the relative prices of products in this sector have dropped. Thus, the state must take effective steps to raise the prices of basic products during the rectification period in order to readjust seriously irrational price relations. 4) Enhance the state's capacity to exercise macroeconomic regulation and control over market prices. Resolutely restoring the central government's jurisdiction over prices that were irrationally

deregulated should become one of the major jobs of price reform during the rectification period.

We should reconsider our emphasis on "modification" or "deregulation" in price reform during the rectification period. The emphasis we gave to "modification" in price reform before 1984 enabled us to improve our severely irrational pricing system to a certain extent. Although the emphasis that we have placed on "deregulation" in price reform since 1985 has enabled us to bring the impact of market forces into play, it has also resulted in large overall price increases, caused "price relations to revert to their former irrational state," and eroded the price reform achievements made until 1984. Thus, we must give special emphasis during the rectification period to restructuring prices, because it is the key to restructuring industry. It is thus clear that planned and step by step modification should be our major price reform strategy during the rectification period. The present relative easing of our economic climate presents us with a good opportunity to deepen price reform.

#### **Official Notes Serious Decline in Economic Efficiency**

90OH0397A Hong Kong CHING-CHI TAO-PAO  
[ECONOMIC REPORTER] in Chinese  
No 6, 12 Feb 90 pp 11, 10

[Second in a series of articles begun on 8 February 1990: "PRC State Councilor Wang Bingqian Calls on Everyone To Pay Close Attention to the Serious Decline in Industrial Economic Efficiency"]

[Text] Since industrial production has dropped and markets have slumped, the parties concerned in China have begun to pay close attention to the serious decline in industrial economic efficiency, considering it a key factor in the current economic growth puzzle.

The serious decline in industrial economic efficiency can be seen mainly in the following four areas: 1) Productivity is rising too slowly, with the overall productivity of independently accounted state-owned industrial enterprises increasing only 1.6 percent in 1989 over 1988, and falling in Jilin Province, Shanghai Municipality, and Jiangsu, Zhejiang, Hubei, and Hainan provinces. 2) Product costs are rising sharply, having increased over 20 percent in 23 provinces and autonomous regions throughout China. 3) The sales profit tax rate dropped from 19.3 percent in 1988 to 17.27 percent in 1989. 4) The fund profit tax rate dropped from 21.9 percent in 1988 to 19.4 percent in 1989 in all provinces.

This is the most risky situation that Mainland China's economy has ever been in. As a decline in industrial economic efficiency has a direct impact on national finance and public demand, its most immediate and extreme impact is on the financial system. State councilor (and minister of finance) Wang Bingqian [3769 0014 0051] has recently called on everyone to pay close attention to this issue and truly focus their economic work on improving economic efficiency. People are

generally worried that the financial forecast that was made by the State Planning Commission at the end of 1989 may further worsen, and that the prospects for keeping the financial deficit at 9 billion yuan RMB seem to be poor. Considering that capacity is being underutilized by as much as 80 percent in many areas and that work stoppages and unemployment are growing, the drop in industrial economic efficiency is going to be a difficult issue to resolve from either an overall or local perspective. At a forum on economic efficiency that was held by the Ministry of Finance on 6 February 1989, the directors of financial affairs departments from all ministries of the State Council also voiced strong opinions, calling for increased urgency in improving economic efficiency and further perfection of the system of assessing economic efficiency targets. Wang Bingqian had called together certain specialists to discuss the issue before this forum, at which time he pointed out the need for plans to be rational, repeatedly quoted a sentence of Zhou Enlai's to the effect that planning economy is the greatest economy and planning waste is the greatest waste, and emphasized the importance of paying attention to economic efficiency in macroeconomic control.

Although the decline in economic efficiency is continuing to worsen and the only imaginable way to end it is to practice strict economy, increasing production and revenue will certainly not be easy to accomplish because it involves an issue of planning and, even more so, one of enterprises per se. The key to reversing the increasing size and number of market slumps and work stoppages can be found in enterprises themselves. While money management is simply a technique and a means, the crux of the matter is how to restore initiative and vitality to enterprises.

## **PROVINCIAL**

### **State To Invest 30 Billion Yuan in Inner Mongolia**

40060037A Shenyang LIAONING RIBAO in Chinese  
24 Jan 90 p 1

[Summary] China will invest 30 billion yuan over the next 10 years to develop Inner Mongolia into a major basic industries region. The area is rich in natural resources and ranks second among China's provinces in coal reserves, with known deposits of 217 billion tons.

### **Guangzhou Strives To Increase GNP in 1990**

OW2103004890 Beijing XINHUA in English  
1529 GMT 20 Mar 90

[Text] Guangzhou, March 20 (XINHUA)—Guangzhou, a showcase of China's economic reform, is striving to increase its gross national product [GNP] by six percent this year.

This is part of a program for the economic and social development of Guangzhou in 1990 approved by the ninth municipal people's congress at its third meeting held here today.

The city's national income is expected to increase by five percent, gross industrial output value, by seven percent, agricultural output value, by four percent, social retail volume, by 10 percent, export, by 10 percent, and revenue, by five percent.

The price index will be kept at or below 14 percent.

The city expects to collect 3.31 billion yuan in revenue, a five percent increase over the previous year.

## FINANCE, BANKING

### Financing Facilitated for Foreign Investors

90OH0269A Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 50, 18 Dec 89 pp 10-11

[Article by Shi Hongzhen [0670 3163 3791]: "Bank of China Creates Excellent Investment Environment For Foreign Investment Enterprises"]

[Text] One end result of China's adhering to its policy of opening to the outside has been that foreign businesses are coming to China to set up joint Sino-foreign investments, joint enterprises and enterprises independently funded by foreign firms. Other than some smaller enterprises, the majority of the nearly 8,000 enterprises which have already gone into operation with investment by foreign firms has a credit relationship with Chinese banking or other financial institutions. The domestic multichannel investment environment has taken form. It is understood that at present, such banks and other financial institutions as the Bank of China, the China Industrial and Commercial Bank, the Agricultural Bank of China, the People's Construction Bank of China, the Communications Bank of China, and the China International Trust and Investment Corporation are all engaged in extending credit to foreign firms for enterprise investment. In the multichannel investment environment related above, the Bank of China holds an important position and function.

The Bank of China is the nation's banking specialist for foreign exchange and trade. It is China's chief window for bringing in foreign investment, and for coordinating the nation's gathering of foreign exchange. By the end of last year, the Bank of China had established 3,910 proxy organizations in 155 nations and regions worldwide, with 304 branches set up in international financial and economic centers, employing an overseas staff of more than 10,000. Domestically, the Bank has 962 branches, with more than 40,000 employees. The Bank's sums on deposit amount to 286.8 billion yuan; credit, negotiable securities and sums invested amount to 213.2 billion yuan, with total assets of 559.7 billion yuan (and in excess of \$151.2 billion). According to the Bank of

England Magazine's ranking of 1,000 of the world's major banks, the Bank of China ranks 12th in volume of capital, and also 12th in total assets. The Bank of China has a 77-year history internationally, and in addition to being respected for its high integrity, it has a staff familiar with the business of foreign exchange.

### Early Initial Steps, Good Results

In the matters of handling credit for foreign firms' capital enterprises and providing numerous service functions, the Bank of China took the earliest initial steps, has the longest history and has blended a set of systems and methods which are in keeping with international practice. In 1980, appropriate to the relevant stipulations of the "PRC Law Governing Chinese and Foreign Jointly Funded and Operated Enterprises," the Bank of China formulated "Provisional Methods For the Bank of China Handling of Loans For Chinese and Foreign Jointly Funded and Operated Enterprises." It was the first time that domestic channels were opened to foreign commercial investment in enterprises, and provided the specifics on such matters as credit objectives, types of credit, credit conditions, interest rates, credit applications, agreements and functions, interest on loan repayments, as well as service and supervision of loans. This advanced the formation and development of the climate for foreign firms to invest in enterprises.

In the 1980's, the Chinese investment climate improved steadily, and more and more foreign firms will invest in China in the future. As foreign investment in enterprises has increased, the Bank of China's loan service to these foreign firms has developed by leaps and bounds. In 1987, with the approval of the State Council, they formulated the "Procedures for Bank of China Loans to Foreign Businesses Investing in Enterprises," which specified that credit targeted for Sino-foreign jointly enterprises could be expanded to include Sino-foreign joint investment enterprises, jointly operated enterprises, and those funded by foreign investment firms alone. The types and forms of loans available was increased from the original three to eleven. The credit conditions and procedures were also further simplified and expedited. By the end of last year, the Bank of China had extended a grand total of RMB 19.99 billion yuan to foreign investment enterprises, and a volume credit of 6.503 billion yuan. The grand total of all classes of foreign exchange granted was \$2.908 billion, and a volume of credit of \$2.208 billion. Industries supported by Bank of China credit included textiles, communications and transportation, posts and telecommunications, coal, electrical power, metals, nonferrous metals, chemicals, machinery, electronics, building materials, tourism, etc.

The Bank of China has provided credit support to more than 3,000 foreign investment enterprises, of which 66 percent are of the type which gain foreign exchange and advanced technology through exports. For example, the Guangdong Nuclear Power Investment Company and the Hong Kong Chinese Electrical Power Company

jointly invested in building the Guangdong Greater Asian Gulf Nuclear Power Station, with a total investment of \$4 billion. After the station was built, it not only relieved Guangdong's power shortage, it was of positive use in mastering and broadening that station's construction technology, and in developing China's multiple use of energy. Another example is the largest Asian opencut coal mine—the Antaibao Mine in Shanxi—also supported by Bank of China credit: the total investment here was \$650 million. The annual output of raw coal is 15 million tons, and 12 million tons of washed coal. Other examples of projects which have made use of foreign firms' investment are the Shanghai Dazhong Automobile; Beijing Jeep; Guangzhou Biaozhi Automobile; Baotou Northern Heavy-duty Vehicle; Beier Telephone; Beijing Power Station Boiler; the Shanghai, Nanjing and Shenzhen Color Picture Tubes; Tianjin Liminghua Cosmetics; Zhongfa Wine; Shanghai Dajiang Group; Keluola Solar Power, and many more, all supported by credit extended by the Bank of China. It is worth noting that in the 1987 and 1988 JINGJI RIBAO choices of the "ten best" enterprises funded by foreign investing firms, the majority had received credit funding from the Bank of China. Investigation has shown that among foreign investment enterprises supported by the Bank, 41 percent had good economic benefits and a surplus foreign exchange balance; 50 percent had average benefits and were basically balanced in their foreign exchange; nine percent of the enterprises were lacking in benefits, had a sizable foreign exchange imbalance as well as many other problems. In general, the great majority of the foreign investment enterprises were operating successfully.

#### Credit Structure Adjusted To Provide Adequate Funding

During the past year, as the entire nation was gaining control of rectification of the economic environment and process, the Bank of China made positive adjustments in its credit structure. The objective was to provide adequate, appropriate funding for developing foreign businesses' investment in enterprises, and to advance the Bank's task of improving the enterprise investment climate for foreign firms. Last year, with the helpful participation of the State Council's Legal Office, the Bank organized its team of specialists and formulated the "Rules and Regulations For Implementing Bank of China Credit to Foreign Business Investment in Enterprises (Provisional Regulations)." This document detailed the implementation clauses in the "Procedures for Bank of China Loans to Foreign Businesses Investing in Enterprises." These more practical regulations will make it easier to implement the methods. These "Rules and Regulations" embody China's improvement of its investment climate for foreign businesses, being "excellent, broad, simple and fast," and in keeping with international practice in spirit. These regulations also reflect China's national spirit and the credit policies of supplying the superior while blocking the inferior, in tension there is activity, structural adjustment and making distinctions in handling; they also implement the

lending principles of "security, profitability, and service." These "Rules and Regulations" are one of the documents by which China is appropriately standardizing its foreign investment laws; the Bank of China reflects this provisional process in its further modification and improvement.

In 1988, in a tight domestic money market, the Bank of China still made a large-scale increase in the credit extended to foreign businesses investing in enterprises. For the whole year, there was a 68 percent increase in the amount of all categories of RMB loaned to foreign firms investing in enterprises. All categories of foreign exchange loaned more than doubled. This year, the Bank's credit to foreign firms investing in enterprises, under a prerequisite of adjusting the credit structure, planned an arrangement that still allowed for a large increase. In spite of the Beijing events of late spring, which affected the use of foreign investment, the Bank of China still, in fact, was able to extend enterprise investment credit to foreign firms; these generally showed major increases. In the year since, the Bank has extended foreign exchange loans of \$800 million, and RMB loans of 3.5 billion yuan. At present, there are more than 10 types of credit which the Bank extends to foreign firms for enterprise investment, namely: international syndicate loans, buyers' credit, project loans, syndicated loans, standby loans, mortgage loans, reserves against overdrafts, guaranteed loans, production reserves and operations loans, and short-term loans. Currencies loaned include: RMB, US dollars, British pounds, Japanese yen, HK dollars, West German deutsche marks, Swiss francs, Belgian francs, French francs, Italian lira, and others. In addition, the Bank of China specializes in foreign exchange, and provides many functional services for foreign firms investing in enterprises, such as: supplying information, customer referrals, settling international accounts, guaranteeing securities, project evaluation, providing consultants, international leasing, trusts and investments, etc.

The Bank of China will further implement the nation's industrial policies along with the provisions for recruiting foreign commercial investment. There will be a emphasis on supporting those projects that will be helpful in strengthening the weak links in China's economic chain, those that will aid in raising the technological level of enterprises, those helpful in expanding exports, and those projects that promote economic development geared to the outside. In summary, Bank of China loans to foreign firms investing in enterprises will fit the nation's current national requirements for opening to the outside, taking positive, reliable steps, guarding against peaks and valleys, maintaining an appropriately broad climate for investment, and furthering the development of foreign firms' investment in enterprises.



### Adjusting Money Supply, Credit Viewed

90OH0400A Beijing JINRONG SHIBAO in Chinese  
30 Jan 90 p 1

[Article by JINRONG SHIBAO commentator: "Timely Adjustment' Does Not Mean 'Tighten Now, Loosen Later'—Comments on Controlling the Money Supply and Credit"]

[Text] In order to strengthen monetary regulation and control and adjust to the economic development and seasonal characteristics, the banks have adopted the practice of "quarterly monitoring and control and monthly examination" in their loan policy. This has played a positive role in controlling the year's loan volume and keeping each year's loan extension on target. This is one way to make "timely adjustment" of the loan funds and is not an artificial way to control loan availability by "tightening now and loosening later."

The rate of increase in the availability of loan funds should be adjusted in a timely fashion according to the seasonal changes in the country's industrial and agricultural productions and based on what is necessary to keep the overall loan volume under control. For the country as a whole, money from the sale of goods is returned to the till in the first six months of the year, and generally, there is a decrease, or at most a slight increase, in loan demands. The third quarter is a period of summer harvest and summer planting in the agricultural sector and increasing production in the industrial sector; loan demands are gradually on the increase. The fourth quarter is a time for agricultural and sideline product purchases and for amassing resources for industrial production; it is a period of concentrated demand for loans. Thus, we must plan the loan volume properly in the different seasons according to the law of seasonal changes. In 1989, the banks' increase in the amount of loans in the different seasons was basically consistent with the pattern of seasonal changes in the demand for different types of loans set in the previous years, and the rate of increase in loans for the year as a whole was quite normal.

During the fourth quarter of last year, the government approved a retroactive increase in the loan scale, and more loan funds became available. This decision was prompted by the conditions at the time: In order to prevent the industrial sector from slowing down too much, too soon, in order to ease enterprises' fund problems caused by the market slump and product stockpile, and in order to guarantee the funds necessary to finance the state's key constructions, there was indeed a need to increase fund input by a reasonable amount. Meanwhile, most regions were having bumper harvests last year, which called for more government purchases; the purchase price of some products was raised, and together with the purchases made at negotiated price, there was added demand for funds. Practice proved that making timely adjustments to increase credit availability

selectively according to the changes in economic development, provided that the total volume is kept under control, was the way to guarantee the needs of reasonable economic growth and to guarantee the needs of successful improvement and rectification.

This year, the state will continue to "integrate the central and local levels and put the local level first" in managing the central bank's loans as a way to further strengthen the central bank's fund management and to make the timely adjustments even more effective. Last year, our work in this area was inadequate in many ways. Because the economic situation is fairly complicated and the financial macroeconomic adjustment and control mechanisms and measures still need improvement, we have not been very flexible in making the timely credit adjustments; the method by which we control the loan scale every season can use some improvements too. Because of technological constraints, the state cannot set the rate of increase in loans and hand down its decision expeditiously. We should review all these shortcomings and make some solid improvements. Over the last year or so, we have gained some experience and are beginning to grasp the natural laws in certain matters. What we have learned will lay a good foundation and help us make timely credit adjustments this year. Meanwhile, we must do more surveys and studies and listen to the suggestions and demands of the localities and departments and town and country enterprises everywhere and pay constant attention to the economic and financial developments and changes. We need to provide better guidance in different areas and adjust the credit composition and utilize our timely adjustment measures with greater flexibility and do a even better, more expeditious, job in granting and managing loans.

## INDUSTRY

### Fushun Iron, Steel Company Established

40060038A Shenyang LIAONING RIBAO in Chinese  
23 Jan 90 p 1

[Text] Fushun Iron and Steel Company, Liaoning Province's largest local iron and steel integrated complex, was established on 21 January. It is an integrated economic entity formed by the union of the Fushun City Xinfu Steel Plant, the Oxygen Plant, Xiaolaihe Iron Mine, and the Metallurgical Machinery Repair Plant.

### Man-Made Fiber Industry Output Growth for 1989

OW1302184990 Beijing XINHUA in English  
1150 GMT 12 Feb 90

[Text] Beijing, February 12 (XINHUA)—Total output of China's man-made fiber industry reached 1.46 million tons last year, 12.6 percent up on the 1988 figure, according to the Ministry of the Textile Industry.

Big growth was recorded in the production of synthetic fiber, especially acrylic fiber and polyester filament, which had been scarce on the market.

But the production of polyvinyl alcohol fiber and polyester staple fiber did not meet the annual quota.

Imports used to be the only source of the highly elastic polyurethane fiber used in making women's underwear. But China began to produce the material in Yantai last year, with a yearly capacity of 300 tons.

However, said a ministry official, there is still a serious shortage of materials for chemical fibers. The other problem is that China produces far fewer varieties of man-made fibers than developed countries, and cannot meet the demands of the market.

### Dalian Shipyard Views Future Prospects

HK2702024790 Beijing CHINA DAILY in English  
27 Feb 90 p 1

[By staff reporter Chen Li]

[Excerpts] Dalian—China is stepping up its efforts to win a bigger share of the international shipbuilding market this decade with the construction of a new 300,000 ton super dock in this Northeast harbour, the chief executive of a leading Chinese shipyard said yesterday.

Since China entered the world ship building market with it Dalian-built 27,000 DWT (dead weight ton) bulk carrier for a Hong Kong shipping company in 1982, Dalian Shipyard has completed 18 vessels for export totalling 640,000 DWT and worth \$297 million, Wang Youwei, the shipyard's director since 1985, told CHINA DAILY. [passage omitted]

Dalian Shipyard, the only Chinese shipbuilder with a dry shipway capable of building ocean vessels over 100,000 DWT for export, was now constructing a 300,000-ton dock with a total investment of 640 million yuan (\$136 million), which would upgrade China's shipbuilding industry to a new phase of building ships over 200,000 DWT, Wang said.

After the completion of the new dock in 1993, the shipyard would have a capacity of 700,000 DWT in shipbuilding, accounting for about a half the planned national output by that time.

The project was planned to meet the challenge in the expected recovery of the world's shipbuilding market in mid-90s, Wang said. He cited the 30 to 40 per cent increase in ship-building prices over the past two years as one of the early signs of recovery.

The world's total tonnage of new ships in 1989 was 12.5 million, according to the Institute of Maritime Industry in Japan. Wang said China accounted for only about five per cent of the world's total. [passage omitted]

Wang said the 540-strong Institute for Ship Designing and Research attached to the shipyard had acquired more than 400 norms and about 1,000 standards from foreign countries and classification societies in preparation for acute world competition.

Last year the institute independently designed the 44,000 and 95,000 DWT refined-oil tankers up to world standard.

Against a recent slowdown in China's industrial output, the shipyard's total output in January reached 28 million yuan (\$6 million), registering a 26.6 per cent increase over the same period of last year.

With orders from Norway and Sweden for four refined-oil tankers and other domestic orders, the shipyard's full-capacity workload was secured until 1991, Wang said. [passage omitted]

### Steps Taken To Ease Slump in Material Supplies

HK2602023290 Beijing CHINA DAILY in English  
26 Feb 90 p 1

[Text] To deal with an unexpected lull in the sales of materials and equipment, tens of thousands of State-run materials enterprises have been urged to open new markets and expand old ones.

"To make materials move at a much quicker pace will be our task this year, and possibly in the years to come," Liu Suinian, Minister of Materials and Equipment, told the annual National Materials Conference on Saturday.

The current slump, coupled with a slow-down in the money flow, has troubled China's economy, analysts say.

Materials supply, like the sale of manufactured products, has a stake in the prosperity of enterprises. So only "an effectively smooth yet controllable circulation of materials" can lead to sustained, stable and harmonious economic development, they say.

The flow of materials and equipment in China remains "very backward," and this affected the nation's economic development last year.

In the minister's view, China's distribution of materials is not rational. The bulk of key materials does not flow in line with the country's overall industrial programme and "rational" economic principles.

"This means that outstanding enterprises, with good quality products, low costs and good economic returns are not guaranteed an adequate supply of materials," Liu said.

Last year, purchases by the State-owned materials system were valued at 222.2 billion yuan (\$47 billion), up 1.4 percent from 1988, but gross sales were 234.2 billion yuan (\$49.8 billion), an 0.8 percent increase from the year before.

## FOREIGN TRADE, INVESTMENT

### Shandong's 1989 Textile Exports Reported

90OH0362D Jinan DAZHONG RIBAO in Chinese  
3 Jan 90 p 1

[Text] In 1989, Shandong's textile industry, through improvement and rectification, overcame difficulties with raw materials, funds, energy, and markets seldom seen in recent years to achieve fairly good success. Total annual industrial output value for the province came 10.2 billion yuan, an increase of five percent compared to 1988. Even after having to assimilate 700 million yuan because of increased expenditures and reduced profits, profit taxes still increased to a certain extent. Exports earned more than \$500 million in foreign exchange, a 34 percent increase compared with 1988.

In 1989, the departments in charge of Shandong's textile industry on the one hand engaged in production and on the other implemented improvement and rectification. At the same time that they were suspending or cancelling the construction of 97 projects, cutting back to 850,000 spindles, and cutting back to 888 million yuan in fixed assets investments, they complied with industrial policy to guarantee the construction of 148 priority projects by collecting funds from a multitude of sources. Eighty-eight of these projects have been completed and are in operation, with a potential increase in output value of 463 million yuan.

We took a firm hold of the "national team" concept and promoted work as a whole. In 1989, Shandong textile departments instituted mandatory controls for cotton yarn and gray goods. This stabilized production for benefit of the "national team" in profit taxes and foreign exchange earnings. We not only guaranteed the production of products in urgent demand on the domestic and foreign markets, through readjustment of the product mix, we made it possible to grasp the efficient development of deeper and more meticulous processing of products. In 1989, 85,000 folded yarn items were exported, setting an all-time record. Compared to 1987, the export of cotton knitted goods doubled. Clothing exports increased 13 percent compared to 1988, earning \$135 million in foreign exchange. Cotton textiles constitute 43 percent of Shandong's textile industry and hold a leading position in the trade as a whole. To cope with an insufficient supply of cotton, Shandong's textile departments extensively readjusted the product mix. They used more noncotton fibers, accepted 1.8 tons of materials for processing from foreign clients, and worked hard to develop new products. Eighty-nine product and new technology projects were developed during 1989. The productive forces were promptly transformed, creating an output value of 585 million yuan and realizing 91 million yuan in profit taxes.

### Xinjiang, Australia Agree on Woolen Goods Joint Venture

90OH0362A Urumqi XINJIANG RIBAO in Chinese  
5 Jan 90 p 2

[By Mao Xu (3029 2485), Deputy Mayor of Urumqi City]

[Text] In August and September, 1989, Urumqi City sent a negotiating group for economic cooperation on overseas projects on a 14-day visit and inspection tour of the three Australian cities of Sydney, Melbourne, and Brisbane. In Brisbane, the group reached agreement and initialed a contract on setting up the Kunlun and Tankeruide [romanized from the Chinese] Joint Venture Company. The group reached unanimity of purpose with the Macauley Textile Company Limited of Sydney on two-way investments for factory operations. Macauley's has been using down wool from Xinjiang sheep in the cooperative production of high quality woolen goods.

On the basis of the visit, we realize that Australia is a market with a great deal of potential. The country has a total area of 7.687 million square kilometers, four-fifths of China's total area, and a population of only 16 million, only one-seventieth of China's. It is the world's largest sheep's wool and beef exporting country and an important exporter of wheat, mutton, and sugar. Its national standard of living is relatively high.

Since 1978, Australia has given trade with China most favorable nation status and instituted the "China operations plan" for increased trade and cooperation between our two countries. The purpose of the plan has been to assist China to continually expand exports with Australia and to gradually expand trade and cooperation. Australia exports to China such commodities as wheat, sugar, mutton, iron ore, and steel. China's main exports to Australia include textile goods, shoes, clothing, petroleum, industrial chemicals, food processing equipment, and transport equipment.

To sum up, Australia is a vast, sparsely populated country of abundant natural resources that has given preferential treatment to developing countries. We should actively develop trade and cooperation with Australia.

Xinjiang and Australia are similar in many ways, and in processing technology, each has its strong points. For example, Australia has advanced processing technology for treating the wool of fleeces that has regrown after having been scraped off. With treatment, the regrown wool can be used for wool spinning production without any loss. However, their technology for processing short fleeces after shearing is not as good as ours. Down fleeces that we have processed can completely dominate the Australian market and can be exported to Japan and Western Europe as well. Thus, we can develop cooperation by making up for each other's deficiencies. The successful cooperation between the Kunlun Woolen Spinning Company and the Tankeruide Company is

proof of this. In addition, we can also take advantage of Australia's preferential trade policy, its funds, and its superior technology by entering into "two-way investments" to process the natural resources of our region more thoroughly and thereby expand our commodities exports. It was in view of developing a project for "sheep's down," that we negotiated with the Macauley Textile Company Limited in Sydney. Our region's sheep's down wool (less than 2.5 centimeters long) is a superior natural resource that still has not been fully exploited or utilized. Macauley's is willing to provide the capital and technology to the Kunlun Woolen Spinning Company Limited to do the weaving and blending of the carded wool. Then, after export to Australia, it would be bleached, dyed, and made into high quality woolen goods. The quality and the selling prices of the goods would be high, the economic efficiency would be considerable, and it would benefit both parties. Moreover, it would develop our advantages to the fullest.

We not only should use the opening to the west, we should also develop another approach, that of running joint ventures abroad. This trip to Australia has been a breakthrough for the Kunlun Woolen Spinning Company Limited. With the establishment of the Xinjiang's first overseas joint venture enterprise, the Kunlun-Tankeruide Joint Venture Company, a window and a bridgehead have been established abroad, and with gradually expanding cooperation and trade, our region's superior products will make their mark and an international market will be open to them.

#### **Fujian's Foreign Service Contracts, Overseas Companies**

90OH0368D Fuzhou FUJIAN RIBAO in Chinese  
14 Jan 90 p 1

[Article by Jinhe (6855 7729): "Foreign Service Contract Income Tops \$100 Million; Overseas Enterprises Are Scattered in Five Continents and Eight Countries"]

[Text] Last year, Fujian's foreign service contracting companies spared no effort in developing their business and managed to obtain 332 service contracts worth \$185.9 million, a 13 percent increase over the previous year's figure, and their volume of business generated \$142.35 million, 48 percent more than the year before; more than 9,100 people are now working overseas. There are nine newly-approved, noncommercial type, overseas enterprises; they are scattered in five continents and eight countries. They are worth \$3 million in total investment, \$2.021 million of which is Chinese-funded.

The development of overseas economic cooperation is marked by our effort to expand our operation from Hong Kong and Macao to Southeast Asia. For example, in the Philippines, we bid against international companies and won two contracts to build highways and flood-control facilities; they were worth more than \$17 million and they also brought along the export of more than \$2 million's worth of Chinese-made building materials.

Foreign service cooperations are also being extended to North America, Australia, and Africa, and technicians from the knitting factories and animal husbandry and other fields have been sent overseas. Taking advantage of the recovery of the international shipping industry, we gained access to the seaman's market and are supplying seamen of all ranks to the United States and Japan.

#### **Guangdong's 1989 Electronics Export Earnings Reported**

90OH0362C Guangzhou NANFANG RIBAO in Chinese  
20 Jan 90 p 1

[Text] In 1989, Guangdong's electronics industry achieved remarkable success in its active development of foreign markets. It realized an annual output value for exports of 3 billion yuan, earning \$370 million in foreign exchange, compared with 1988, a 36.4 percent and a 12 percent increase, respectively. Output value for exports accounted for 38 percent of the 1989 total industrial output value. It has been in first place among the nation's electronics industries for each of the four years since 1986.

In 1989, there was a trend toward large quantities, numerous varieties, and high quality in Guangdong's export of electronic products. The five cities of Shenzhen, Huizhou, Dongguan, Zhaoqing, and Maoming realized an output value for exports that was more than 50 percent of the total industrial output value. The number of enterprises in the province earning foreign exchange reached 160, of which number, 50 earned more than \$1 million.

Some of the electronic products sold quite well on the international market, and the exports product mix tended to be rational. For example, Shenzhen's "Saige" and "Kangjia" brands of electronic products and the telephone equipment of Huizhou's TCL Communication Equipment Company have won the strong acceptance of foreign customers. In 1989, Guangdong exported a total of 880,000 color television sets and 2.75 million radio cassette recorders, an increase of 18.9 percent and 17.5 percent, respectively, compared to 1988.

#### **People's Bank in Xinjiang Makes Special Joint Venture Loans**

90OH0362B Urumqi XINJIANG RIBAO in Chinese  
6 Jan 90 p 1

[By Cui Tongdan (1508 0681 3508)]

[Text] The autonomous region branch of the People's Bank has recently issued a special 8 million yuan loan to resolve a problem of insufficient investments in the setting up of Sino-foreign joint venture enterprises, thereby actively assisting in a rapid startup of their operations.

The three Xinjiang Sino-foreign joint venture enterprises of Luzhou Long Wool and Cotton Textile Company Limited, Xinchao Thermos Bottle Company Limited, and Xingang Shoe Manufacturing Company Limited all had problems with getting started because of difficulties the Chinese side had in providing its share of the funds. On this occasion, the autonomous region branch provided loans of 7 million, 200,000, and 800,000 yuan, respectively. After the loans were issued, these projects were able to quickly become productive and attain economic efficiency. The Luzhou Long Wool and Cotton Textile Company Limited started operations on the basis of 23,000 spindles and could expand to 46,000 spindles. It has an annual output of 200,000 meters of cloth and 1.200 tons of yarn. All of its products are exported. The Xinchao Thermos Bottle Company Limited will have an annual output of 500,000 units, most of which will be exported to the Soviet Union. The Xingang Shoe Manufacturing Company Limited will produce medium-quality athletic and travel shoes. More than 70 percent of its products will be exported for foreign exchange.

#### **Fujian's Foreign Trade Sustains Continued Growth**

90OH0368C *Fuzhou FUJIAN RIBAO in Chinese*  
14 Jan 90 p 1

[Text] The Provincial Committee for Foreign Economic and Trade announced the other day that Fujian had exported as much as \$1.612 billion's worth of goods in 1989, 14.7 percent more than in 1988. This represents another year of accelerated growth since the province's 65.6 percent increase in exports in 1988. So far, Fujian's export trade has sustained five continuous years of "double-digit" growth.

In 1989, the masses of workers in Fujian's foreign trade front surmounted many problems at home and abroad in order to fulfill the state's export plan and earn more foreign exchange for the country. The Provincial Committee for Foreign Economic and Trade paid attention to situation education and boosted the morale of the workers in the province's foreign trade system to ensure completion of the foreign export duties with flying colors. They examined and implemented the export plan in a timely fashion and made sure that there were "quarterly plans, monthly examination, and 10-day reports." Whenever there was a problem, they tried to solve it immediately. Meanwhile, they implemented thorough reform of the foreign trade system and drew up a brand new program that disregarded the base number and the planned figure and made no distinction between experimental or nonexperimental trades but centralized the province's foreign exchange retention percentages. The new program energized the foreign trade enterprises. The economic and trade departments also reinforced relations with the financial and production departments in order to obtain funds and raw and supplementary materials and win their support on production matters. They carefully

planned their participation in the Guangzhou Trade Fairs in spring and fall and sent more than 200 sales groups to open new markets around the world, and they have been very successful.

According to reports, the assorted specialized foreign trade companies in Fujian generally saw an increase in exports last year. Specialized foreign trade companies exported more than \$470 million's worth of goods and continued to play a role as the main force. The industrial trade companies also saw their exports increase fairly significantly. The "three kinds of wholly and partially foreign-owned" enterprises exported more than \$465 million's worth of goods, more than double the previous year's figure.

#### **Zhejiang's Foreign-funded Enterprise Exports Soar**

90OH0368A *Hangzhou ZHEJIANG RIBAO in Chinese*  
16 Jan 90 p 1

[Article by Zhang Qianjiang (1728 6929 3068): "Zhejiang Province's Foreign-funded Enterprises Exported \$70 Million's Worth of Goods Directly—Exports Increased 78 Percent Over the Previous Year; 13 Foreign-funded Enterprises Cited"]

[Text] Zhejiang's foreign-funded enterprises exported more than \$70 million's worth of goods on their own last year, 78 percent more than in 1988, setting a historic record. This news came out at a provincial meeting held in Hangzhou on January 13 to commend the foreign-funded enterprise for their foreign-exchange earning capability.

Hangxin Silk Print and Dye Company Limited, Runchang Silk Company Limited, and Dandan Company Limited, were among the 12 wholly and partially foreign-owned enterprises whose exports earned more than \$1 million in foreign exchange last year that were cited at the meeting. Zhouyang Fisheries Joint-Venture Company not only exported more goods but also made an all-out effort to develop new products and open new doors. It was lauded the "Best Foreign-exchange Earning Unit." The export volume of foreign-funded enterprises in Hangzhou, Shaoxing, and Huzhou all exceeded the \$10-million mark. Provincewide, 230 new foreign capital utilization contracts were entered into; they made available \$198.58 million in foreign capital. So far, 96 foreign-funded enterprises are exporting their products. The goods are destined for Japan, West Germany, France, Austria, the United States and other countries, as well as Hong Kong and Macao.

Vice Governor Wang Zhonglu [3769 6988 7785] delivered a speech at the meeting. He urged the province's foreign-funded enterprises to display the pioneering spirit in the new year and speed up their development, so that they may become a new force in Zhejiang's export expansion.

### New MOFERT Regulations on Export Control Explained

90OH0368B Hong Kong CHING-CHI TAO-PAO  
[ECONOMIC REPORTER] in Chinese  
No 5, 22 Jan 90 p 15

[Text] Authoritative sources in MOFERT [Ministry of Foreign Economic Relations and Trade] disclosed that, in order to improve export order, MOFERT has promulgated some new regulations on export control this year.

At present, China's export control is relying on a two-level management system and 60 licensing departments. At the first level are the MOFERT Quota and Licensing Bureau and 15 MOFERT offices of specially assigned officers stationed in various localities. At the second level are the economic and trade administrations departments, 30 of which are at the province level and 14 are in cities with province-level economic decision-making authority. In recent years, these licensing departments have often overstepped their power, exceeded their jurisdiction, and have issued more licenses than the state plan and the quota allow. They upset the two-level management system and exacerbate the already chaotic export order. For this reason, MOFERT has stipulated that, in the future, no licensing department may accept any export application that is beyond its administrative jurisdiction. Any department found to have overstepped its power, exceeded its jurisdiction, and have issued more licenses than state plan and quota allow will have its foreign-exchange income from exports confiscated and its licensing authority revoked.

In addition, in view of the present chaotic export order, MOFERT has decided to sort out and consolidate the foreign trade companies, and meanwhile, it will appraise and decide on the scope of foreign trade operation of the remaining export companies. In the future, when a foreign trade company applies for an export license, it must also submit documents pertaining to its scope of operation and export volume. The licensing department must not issue an export license if the applicant is found to have exceeded its operating scope. Control over the export of first and second commodities will be further tightened. Foreign trade companies not authorized to deal with those commodities and companies that do not turn over their foreign exchange earnings to the state must be deprived of export licenses even if they are within the export plan and are allotted a quota.

### Heilongjiang Increases Export of Labor Services

SK2003033990 Harbin HEILONGJIANG RIBAO  
in Chinese 3 Feb 90 p 2

[Text] This year our province will send more than 11,500 people to six countries and regions, including the Soviet Union, Bangladesh, Madagascar, Guyana and Guam. They will provide labor services, such as construction of apartments, schools, hospitals, and shops, the planting of

vegetables and fruits, and the felling of trees. Our province began exporting labor services in 1983. In 1989 it sent more than 7,100 people abroad to provide labor services.

### Motorcycle Industry Exports Reach \$30 Million in 1989

OW0802203990 Beijing XINHUA in English  
0812 GMT 8 Feb 90

[Summary] According to the China National Automotive Industry Corporation, last year China produced 1.03 million motorcycles and plans to turn out 1 million in 1990. In addition to developing the domestic market, the industry also made efforts to expand in the world market. In 1989 China earned more than 30 million U.S. dollars by exporting motorcycles to the Middle East, Africa, Southeast Asia, Western Europe, and North America.

The industry has paid great attention to raising product quality, organizing production to meet the demands of customers, and improving after-sales service. The industry will introduce a licensing system and eliminate some enterprises through competition so as to achieve more streamlined production.

### Hainan Enters Peak Employment Period

HK1603100690 Hong Kong WEN WEI PO  
in Chinese 7 Mar 90 p 7

[Report by WEN WEI PO mainland-based reporter: "Hainan Enters A Peak Employment Period"]

[Text] Hainan Province was established in April 1988. Therefore, numerous tasks remain to be undertaken and the opportunity for employment is naturally great. Take the textile industry, for instance. In 1983, Hainan had only five textile enterprises employing 817 people. Now there are 27 such enterprises with over 10,000 employees, a considerable increase. Su Tao, manager of the Haikou City Labor Service Company, said that Haikou City, as the capital of the province, has been developing very fast, particularly in the past two years. From 1986 to 1989 the city provided jobs for 45,944 people, nearly one third of the total number of jobs provided in the province during that period. Haikou's total of those waiting for a job since last year is only 1,510 people, and the job-awaiting rate is as low as 1 to 1.2 percent.

However, Hainan's overall employment situation is grim. Lin Zhongying, director of the Labor Force Management Division of the provincial Personnel and Labor Department, and Liu Zhongzhou, deputy manager of the provincial Labor Service Company, disclosed that at the end of 1989, the total number of people waiting for jobs province-wide reached 34,370, nearly 2,000 more than in 1988. The period from 1990 to 1998 will be a peak employment period in Hainan, as the number of people waiting for jobs will increase from a present level of

70,000 or more annually to over 100,000. Also, Hainan's industry has a relatively poor foundation and some enterprises are old. They can no longer employ more people, but rather will lay off employees due to suspended or reduced production. Improving and merging enterprises will also result in surplus laborers. This will result in roughly 100,000 laid off or surplus laborers. In addition, there are 500,000 surplus laborers in rural areas. After some are absorbed by enterprises owned by communes [as published] and production brigades and teams, there will still be 200,000 people who will go looking for jobs in cities. Finally, there is an influx of laborers from other provinces. Currently Hainan can provide, at most, jobs for 50,000 to 70,000 people each year. Therefore, how to guide surplus laborers in enterprises and rural areas to look for an outlet is something we really should not overlook. Most of those awaiting jobs are between the ages of 16 and 35, with most around 20. Most in the Haikou area have received senior high school education; those in other localities are mainly junior high school graduates. With the help of relatives and friends, some take temporary jobs and others act as brokers or hawkers. Most are law abiding. Nevertheless, as time goes by they will become a factor causing instability.

During an interview with reporters, Bao Keming, executive vice governor of Hainan Province, said that economic development is the foundation of employment. The Hainan Provincial Government attaches great importance to work related to labor and employment. Various localities across the province are striving to implement the policy put forward by the provincial party committee: "Build up a solid foundation, make use of policies, and firmly grasp work to ensure good results in the implementation of policies," acting boldly and confidently to develop productive forces. In opening up to the outside world and introducing foreign funds, various undertakings in Hainan will develop very quickly and channels for providing jobs will be widened. In working to provide jobs for laborers, it is necessary to introduce the competition mechanism to regulate supply and demand, and government departments should not arrange jobs for all people awaiting state enterprise jobs. Government departments should mainly work on training those awaiting jobs. From now on, we should adhere to the principle of receiving training before going to fill a post.

Luo Xizhen, director of the Hainan Province Personnel and Labor Department said that Hainan faces its second peak period of employment since the "Cultural Revolution," and that we should strengthen guidance for employment in the following ways: First, we should help those awaiting jobs to understand the employment situation and take a correct attitude toward job posts. In the next few years, Hainan will build a number of large and key projects, and many posts in these projects will demand hard work. Those awaiting a job should consider the whole situation and join the social competition, including competition for jobs demanding hard work.

Second, we should overcome difficulties. County towns, market towns, and townships have more difficulties in providing jobs. There are over 1,500 people awaiting jobs in each county. Therefore, it is necessary to take full advantage of opportunities to expand construction in Haikou and Sanya Cities to provide some jobs for those awaiting jobs in various counties.

The gradual improvement of Hainan's infrastructure, the gradual development of various localities, the development and utilization of natural gas and other mineral resources, the development of tourism, and the development of intensive processing of tropical farm produce, sideline products, and aquatic products, will certainly bring more good news to those awaiting jobs.

### Statistics For Labor Exports

HK1603023090 Beijing CHINA DAILY in English  
16 Mar 90 p 4

[By Cai Yan]

[Text] In the first quarter of 1989, more than 4,000 Heilongjiang labourers offered their services to the USSR.

Large-scale labour exports started worldwide three decades ago, but China joined the trend only as recently as 1979, when the Middle East labour market was near the end of its golden era.

China was lucky to have caught the last train. With a reputation gained through overseas aid projects and with persevering toil, it quickly got a foothold in the Middle East, and business links finally extended worldwide. By 1983, labour co-operation ties had been established with 43 countries and regions.

By the end of last year, 9,304 labour export contracts had been signed with a total value of \$12.5 billion and a turnover of \$7.5 billion, according to the Ministry of Foreign Economic Relations and Trade.

In the last decade, China has sent a total of 360,000 workers abroad, and in June 1989, 66,000 labourers were reported to be providing services in 118 countries and regions.

Labour services are no longer the equivalent of "muscle-selling." Contracts are becoming more knowledge- and technique-oriented, and there is a demand for prospecting, architectural design, communications, broadcasting and screen skills.

Altogether 84 provincial, municipal and regional corporations for international services and co-operation have been set up, many having cross-regional or overseas agencies and representative offices.

China Civil Engineering Corporation, the first of its kind in the country, has more than 20 agencies and offices in Iraq, Libya, Tanzania, Kuwait and Djibouti as well as in Hong Kong.

With all these corporations in active participation, and with a reputation for smooth efficiency, China is receiving more large and medium-scale co-operation contracts.

During the Sixth Five-Year Plan (1981-1985), 17 corporations won the bidding for 29 projects valued at more than \$10 million each. The contract value hit \$2.6 billion, representing 51 percent of the country's total. Among them, five had a contract value between \$50 and \$100 million, while another five were valued at more than \$100 million.

China State Construction Engineering Corporation and China Road and Bridge Construction Company are now listed as two of the world's 250 largest contract corporations.

Besides those two, China Civil Construction Corporation, Sichuan Construction Engineering Corporation, China Metallurgical Construction Corporation and China Geo Engineering Corporation have won international awards.

The sum of labour service value and overseas contract labours, awesomely large as they seem in print, are actually tiny by comparison—both amount to only 3 percent of the world's total.

Pakistan, one of the world's major labour exporters, has 3 million service workers scattered in Asia, Europe, America and the Gulf countries.

In Egypt, India, the Philippines and Turkey, the number of overseas labours stand respectively at 1.15 million, 800,000, 340,000 and 250,000.

With no great breakthrough anticipated in the world labour market, it becomes imperative for China to promote quality service.

New strategies must be mapped out. The Middle East countries have all along been China's major clients, contracting for two-thirds of the Chinese overseas labourers. Potential labour markets thus should be opened up in North America, Western Europe and Australia, and labour export to the USSR is in the pilot stages.

The State government, on the other hand, should put labour trade and commodity trade on a par, and favourable policies should be extended to labour trade when necessary.

Quality of labour service has to be enhanced if labour export is to expand. More labour training schools and centres are needed at all levels to upgrade labourers' foreign language ability and technological knowledge.

Target training is also feasible to cater to specific needs.

### **Overseas Investment, Foreign Trade Increase in Beijing**

*OW1703051590 Beijing XINHUA in English  
1233 GMT 16 Mar 90*

[Text]Beijing, March 16 (XINHUA)—Overseas investment, foreign trade and tourists increased quickly in Beijing in the first two months this year.

In this period the municipal authorities approved 35 joint ventures, cooperative enterprises and solely foreign-funded companies, 30 percent more than in the same period of last year. The contracted investment value reached 18.7 million U.S. dollars, of which foreign investment amounted to 9.587 million U.S. dollars.

The city's export reached 180 million U.S. dollars in the two months, up 10.7 percent from that of the same period of last year. Clothing exports topped all exported goods.

During the foreign trade fair from March 5 to 14 the volume of business reached 132 million U.S. dollars-worth, up 20 percent from that of the last fair. Over 1,700 businessmen from more than 60 countries and regions attended the fair.

Meanwhile, more than 48,000 overseas tourists visited Beijing last month, 19 percent more than in January. Tourism officials attributed the increase to political stability in the country.

### **Joint Venture Transportation Firm Successful**

*OW1703153390 Beijing XINHUA in English  
1307 GMT 17 Mar 90*

[Text]Beijing, March 17 (XINHUA)—EAS Express Air-cargo System (China) Ltd., the largest transportation joint venture in China, has transported 220,000 tons of goods since it founded in 1985.

A spokesman for the company said here today that 23,000 tons were transported by trucks and 90,000 by ships.

China transported 65,000 tons of imported and exported goods by air last year, 21,000 tons of which were transported by the company.

The company was initiated by the China Jingan Corporation and Hong Kong EAS Express Aircargo System Ltd. Apart from the head office in Beijing, it has set up nine branches in Shanghai, Tianjin, Guangzhou, Haikou and other cities, a highway transportation company with 50 trucks and a sea transportation company with two container ships.

EAS's express highway transportation company carries export goods from all parts of the country to Hong Kong. And the express sea transportation company has opened shipping lines to Western Europe, North America, Southeast Asia and the Mediterranean.



### Repatriated Citizens Invest in Guangxi

OW1703153590 Beijing XINHUA in English  
0817 GMT 17 Mar 90

[Text] Enterprises run by returned overseas Chinese in the Guangxi Zhuang Autonomous Region exported 45.95 million yuan (nearly 10 million U.S. dollars) worth of goods in 1989, 12 percent more than the previous year, a local government official announced today.

More than 20 products, including artificial and natural marble, tea, canned fruit and vegetables, oranges, garments and ceramics, have a ready world market.

The 29 of these enterprises in the region have built a complete system for the production, transportation and export of industrial and farm products.

The combined export value of these enterprises during the 1985-89 period totalled 160 million yuan, the official said.

### Imports, Exports Balance in First 2 Months

OW1703142590 Beijing XINHUA in English  
1255 GMT 17 Mar 90

[Text] Beijing, March 17 (XINHUA)—The latest figures from the General Administration of Customs show that China's imports and exports were balanced in the first two months of the year. The value of exports increased by 6.4 percent while the value of imports dropped by 7.15 percent compared with the same period last year.

The total value of China's imports and exports in the first two months of this year was 12.18 billion U.S. dollars, almost equal to the same period of last year. Exports totaled 6.09 billion U.S. dollars and imported goods were worth 6.08 billion U.S. dollars.

A customs official said that as China has readjusted the exchange rate and carried out a retrenchment policy, the outlook for foreign trade this year is good. Exports are continuing to increase and imports have been brought under control. The structure of imports and exports was further rationalized.

In the first two months of this year, the value of exported clothing and textiles exceeded one billion U.S. dollars. Exports of machinery and electronics are continuing to increase. Exports of crude oil, food, medicines and other traditional exports have also increased.

Imports of capital equipment and production materials account for more than 80 percent of the total. Imports of refrigerators, air-conditioners, cars and other expensive consumer goods were brought under control and showed a marked decrease in value.

During the period, the volume of equipment for joint ventures came to 624 million U.S. dollars, an increase of 74.4 percent over the same period of last year.

The official said that excluding imports and exports of processed materials and goods and equipment for joint ventures, China had a positive balance of 500 million U.S. dollars in foreign trade in the first two months. The actual export volume reached 4.92 billion U.S. dollars and imports totaled 4.42 billion U.S. dollars.

### Guangdong Province Sees Increase in Exports

Beijing XINHUA in English 1456 GMT 17 March 90

[Text] Guangzhou, March 17 (XINHUA)—South China's Guangdong Province exported 1.1 billion U.S. dollars-worth of goods in the first two months of this year, an increase of 43.19 percent over the same period of last year.

Exports to Hong Kong and Macao increased by 58.95 percent over 1988.

Exports from foreign-funded enterprises reached 267 million U.S. dollars-worth, which was twice the figure for 1988.

The exports which show the biggest increases are shoes, clothes, toys, TV sets, sound equipment, plastic products, instruments and meters, cotton knit goods and polyester fiber cloth.

Exports of pottery and porcelain, drawnwork, animal husbandry products and foodstuffs also increased.

## ECONOMIC ZONES

### Qingdao Promotes Enterprise Mergers

90OH0361B Jinan DAZHONG RIBAO in Chinese  
3 Jan 90 p 1

[Article by Bi Huade (3968 5478 1795): "Qingdao Kills Two Birds With One Stone In Promoting Enterprise Mergers: They Facilitate the Readjustment of the Product-mix and Find Work for the Displaced Workers of the Money-Losing Enterprises"]

[Text] Qingdao News—Last year, amid rectification and improvement, Qingdao began to encourage more mergers and transformations and less closures and suspended operations. Big money-losers and enterprises on the brink of bankruptcy were encouraged to merge or consolidate. This not only promoted the readjustment of the product-mix but also helped find work for the displaced workers of the money-losing enterprises.

In the process of a merger or a consolidation, the city first pays attention to the workers' ideological trends and focuses on propaganda and guidance. At the same time, enterprises being taken over or consolidated are audited and physical inventory taken to establish fund sources. In accordance with the principle of putting each person's ability to full use and giving each a proper role to play, the city finds work for the displaced staff and workers of the enterprise being merged or consolidated and makes sure that they retain their rank and receive the same pay

and benefits. Because of these effective measures, they mobilized the enthusiasm of the staff and workers and expedited the merger and consolidation process. To date, 51 above-county level industrial enterprises in Qingdao have merged or consolidated with 57 money-losing enterprises and 13 commercial enterprises have taken over 16 money-losing enterprises.

Through merger and consolidation, Qingdao is able to promote the proper flow of key productive elements and reap more output with less input. Despite the tight-money situation, the city managed to transfer a net of 52.80 million yuan in fixed assets through mergers and consolidations last year.

"More mergers and transformations and less closures and suspended operations" also help settle many staff and workers who used to work in the money-losing enterprises. Amid the enterprise mergers in Qingdao City last year, the superior enterprises took over 71.77 million yuan's worth of debts from the inferior enterprises. The city's directly affiliated industrial enterprises and commercial enterprises alone found work for more than 13,000 displaced workers of the inferior enterprises. After 16 money-losing enterprises were taken over by 13 commercial enterprises, their economic efficiency greatly improved. Between January and November of this year, their operating income increased 65 percent, profit increased 3.6 fold, and worker's productivity pay increased 42 percent compared to the same period in the year before.

#### **Xiamen Drafts New Measures To Win Foreign Investment**

90OH0361D Beijing GUOJI SHANGBAO in Chinese  
18 Jan 90 p 2

[Article by Xiao Lu (1420 3873): "Xiamen Drafts New Measures To Encourage Foreign Investment"]

[Text] Xiamen City, which is sitting right next to Taiwan Province, has adopted new measures to attract foreign investment and has opened some duty-free warehouses that serve Taiwanese and foreigners to make doing business in Xiamen more convenient.

Xiamen's Youli Trading Company, Ltd., is a local foreign trade company approved by the Fujian provincial government to conduct fringe business with Taiwan; its volume of business increased nearly eight-fold last year. The duty-free warehouse for Youli Trading Company, Ltd. handles duty-free business for Taiwanese and foreign businessmen that invest in Mainland China and purchase grain, oil and food stuffs, metals and minerals, as well as textiles and other goods here. It also handles the duty-free importing of raw and supplementary materials, packaging materials, and machinery and equipment needed by the three kinds of wholly and partially foreign-owned enterprises and enterprises that process imports for re-exporting. It also goes through import-export procedure and handle sales of duty-free goods on

behalf of Taiwanese and foreign businesses, and under customs' supervision, it repackages the duty-free goods and perform other tasks.

In 1989, Xiamen City approved 225 "three kinds of wholly and partially foreign-owned" enterprises with a total investment of \$760 million. By the end of last year, the city has approved a total of 718 wholly and partially foreign-owned enterprises, with total investment valued at \$2.37 billion. Out of the 718 enterprises, 358 with more than \$1.6 billion in foreign capital, have already gone into production or operation. This year, in attracting Taiwanese and foreign investments, Xiamen City will focus on the following: it will concentrate on constructions in and attracting foreign investments to Xiamen Island's science and technology industrial park, and it will emphasize attracting the more technically advanced projects.

#### **Shantou Extends Favorable Terms To Attract Foreign Investment**

90OH0361A Hong Kong CHING-CHI TAO-PAO  
[ECONOMIC REPORTER] in Chinese  
No 5, 22 Jan 90 p 28

[Text] 1989 has been one of the more difficult years for the Shantou SEZ [Special Economic Zone] since its inauguration. In the latter part of the year, especially, China's economy was being rectified, and there was also the "June 4" incident. But despite all these, the situation has turned out better than expected. So says the director of the Shantou SEZ Administrative Committee, Wu Bo [0702 3134].

#### **Last Year's Capital Construction Investment Topped 520 Million Yuan**

Sources said the Shantou SEZ was able to fulfill its economic goals with better results than had expected: It invested 520 million yuan in capital constructions, 25 percent more than in the previous year; its GVIAO [Gross Value of Industrial and Agricultural Output] was as much as 940 million yuan, an increase of 68.1 percent over the previous year; its export value topped \$269 million, same as the previous year; it signed 238 foreign investment contracts, with an agreed investment worth \$20.474 million, which is 83 percent more than the year before and equals the sum of investments over the previous seven years put together. Of the 238 contracts signed, 138 involved the "three kinds of wholly and partially foreign-owned enterprises"; they are worth \$18.2 million as agreed. The year's financial revenue topped 206 million yuan, an increase of 56.9 percent compared to the previous year.

#### **The "Three Increases" and "Two Changes" In Foreign Investments**

Wu Bo pointed out the characteristics of the Shantou SEZ's economic development last year:

1. The foreign investment trend looks promising, and foreign-funded enterprises are making headway: Last year, a new trend characterized by "three increases" and "two changes" has developed as the Shantou SEZ strives to attract foreign capital. This refers to the increase in the number of wholly foreign-owned projects. Of the 138 "three kinds of wholly and partially foreign-owned" enterprises directly brought in and already approved, 53, or 38.4 percent, are wholly foreign-owned, and they account for 61 percent of the total foreign investment. The foreign investors' share of the agreed investment has also increased, accounting for 71 percent of the total investment. Actual foreign capital utilization has also increased, with \$69.77 million already put in, an increase of 103 percent compared to the previous year. As for the investment structure, first, the foreign investment structure has changed. Japan, Taiwan, Thailand, Singapore, the United States, and South Korea and some other countries and regions account for 30 of the 138 "three kinds of wholly and partially foreign-owned" enterprises. Although Hong Kong still accounts for most of the investments, they no longer have a monopoly. Moreover, of the 157 merchant groups that made contact, 69 groups were from Taiwan, 18 from Japan, and 45 were from Hong Kong. Second, the industrial structure of foreign businesses' investment has changed. Instead of investing mainly in the garment industry, they have diversified into more than 20 industries, including electronics and light industry. Individual foreign-funded enterprises too are turning into enterprise groups. For example, Jinrong Company, Ltd. has set up five enterprises last year and is slowly becoming an enterprise group.

2. Production has been increasing at a fairly high rate, and enterprises have achieved good economic efficiency. Last year, the absolute majority of enterprises saw monthly increases in their production. The value of locally-manufactured export products as a percentage of the total value of export rose more than 60 percent. The "three kinds of wholly and partially foreign-owned" enterprises exported \$123 million's worth of goods, accounting for 42 percent of the total value of export.

3. The proportion of infrastructure investment has increased significantly, and the investment environment has clearly improved. Last year, the Administrative Committee and the directly affiliated companies spent approximately 70 percent of their capital construction funds on infrastructure and production-oriented constructions. For example, they added 2,000 automatic phones, invested in a 40,000-kilowatt oil-burning power plant, built an emergency water supply station capable of supplying 64 tons of water a day, completed the first phase of a sewage treatment plant with 7,500-ton daily capacity, centrally acquired more than 1,000 mu of land, and built or finished 180,000 square meters of roadway.

#### **More Preferential Measures Drafted To Attract Foreign Investment**

As for the Shantou SEZ's plans for this year, Wu Bo disclosed that this year's GVIAO is expected to top 1.3 billion yuan and investment in capital construction will

be worth 500 million yuan; they expect to bring in 120 foreign-funded projects, with agreed foreign investment of \$150 million and actual foreign capital utilization of \$70 million; total export value and financial revenue are expected to remain at last year's level.

Wu Bo also said the Shantou SEZ will add the following preferential policies toward foreign investments: 1. Land prices will be lowered and installment payments for land will be accepted. Foreign-funded industrial projects can expect to pay 5 to 10 percent less than last year's average price of 170,000 yuan for land. Developers of industries that coincide with Shantou's investment direction will be permitted to invite overseas bids. 2. The rent and sales price of new commodity-type factory buildings will be five percent lower than last year's. 3. All administrative levies and fees will be reviewed and will be sorted out and consolidated where necessary. 4. Certain production-type enterprises may be sold to foreign businesses in whole or in part to turn domestic-funded enterprises into Sino-foreign joint ventures, contractual joint-ventures, or even wholly foreign-owned enterprises. 5. Foreign-funded enterprises whose contracts have already been approved may follow this country's policies and rules and regulations valid at the time the contracts were approved when dealing with any problem that may arise. 6. Projects will be appraised and approved in a timely fashion and the registration procedure will be simplified, and all application requirements and procedures will be made public.

Wu Bo said, beginning in the latter part of this year, the Shantou SEZ will guarantee water and power supply, and the six major construction projects, including constructions of a deep-water harbor, a 10,000-ton class coal pier, railroad, waterworks, and a cross-harbor bridge, should greatly improve Shantou's investment environment.

Wu Bo also said, this year, the Shantou SEZ will continue to attract the externally-oriented, labor-intensive type industries, and meanwhile, it will strive to bring in many fairly large-scale and fairly technology-oriented projects, emphasizing especially the electronic, pharmaceutical, food, ceramic, and chemical industries.

#### **Update on Qingdao EZ's State of Development**

90OH0361C Beijing JINGJI RIBAO in Chinese  
24 Jan 90 p 2

[Article by Liu Manjun (0491 2581 6511): "Qingdao Development Zone Is Slowing Taking Shape—80 Projects Already Gone Into Production, With Annual Output Worth 220 Million Yuan"]

[Text] After four years, Shandong's Qingdao Economic and Technological Development Zone is producing results. In 1989, it generated 30 million yuan for the state, and instead of depending on the financial ministry for funds, it is now basically self-sufficient and is able to put some of its own revenue into capital constructions.

Construction of the Qingdao EZ began in March 1985. After more than four years and 220 million yuan's worth of capital constructions, and with more than 200,000 square meters of the intended 290,000 square meters of above-ground constructions completed, the development zone is slowly taking shape. Inside the zone, there are 21 crisscrossing, wide, concrete roads that sketch out a well-planned zone; 50,000 square meters of general-purpose factory buildings, specialized factory buildings, and office buildings rise high above the ground. The development zone also has a water-supply system with 120,000 ton daily capacity, 87 kilometers of dedicated transmission lines and transformer, a 60-ton-per-hour capacity central-heat supply system, a microwave station, as well as apartments, schools, hospitals and all the necessary facilities. They have installed 2,000 program-controlled telephones which are linked to Qingdao City and have direct communication lines to anywhere at home and abroad.

Besides stepping up infrastructure constructions, the Qingdao EZ also follows the guiding principle of "plan a segment, develop a segment, reap the profits of a segment, and keep the development rolling" to encourage more constructions, and it is gaining in regional investment scope. Over the last few years, it has received more than 13,200 visitors and investors from more than 40 countries and regions around the world as well as from other parts of China. By importing from abroad and cooperating with units in the interior, it has brought in 131 projects worth as much as 828.13 million yuan in agreed investment. The "three kinds of wholly or partially foreign-owned" enterprises account for 31 of those projects, with foreign investment totalling \$68.65 million. By the end of last year, more than 80 projects have gone into production; they produced 220 million yuan's worth of goods for the year. When all the projects are fully operational, they are expected to increase total output by 3.9 billion yuan a year and generate 790 million yuan in profit and earn \$360 million in foreign exchange. During its development last year, the Qingdao EZ displayed two special characteristics: First, it is pursuing high-tech development: It has already obtained remarkable results in laser and holographic technologies and ultra-precise measuring instruments and other high-tech research and development, and some technologies have found application in everyday manufacturing. Second, in importing projects, the Qingdao EZ is slowly turning from the small- and medium-sized "short, level and speedy"-type projects to the mainstay projects which require fairly substantial investment, fairly sophisticated technologies, and generate fairly wide impact.

At present, the Qingdao EZ is planning a new technology-development experimental zone. The export commodity processing zone has been studied and deliberated by the Sino-Japanese governments, and construction is underway. More than 180 foreign businessmen have expressed interest in investing and opening plants in the area.

### **Hainan Boosts Infrastructure To Attract Outside Investment**

*OW1703083390 Beijing XINHUA in English  
0652 GMT 17 Mar 90*

[Text]Haikou, March 17 (XINHUA)—South China's Hainan Province has made rapid progress in infrastructure construction since it was established in 1988, attracting an increasing amount of outside investment.

To end the electricity shortage, the province first built a 50,000-kilowatt gas turbine power station in 1988. Another project, the Haikou thermal power station, with an installed capacity of 350,000 kilowatts, has also been completed.

With the increase in electrical power generation, the province's industry developed quickly.

In 1989, the industrial output value reached 2.5 billion yuan (over 500 million U.S. dollars), an increase of 3.9 percent over 1988. Budgetary industrial profits amounted to 159 million yuan (about 33 million U.S. dollars), an increase of 42.4 percent over 1988.

The construction of postal and telecommunications facilities also had a great leap forward.

The province now has 37,000 telephones. The province now has long-distance direct telephone lines linking with China's major cities as well as with New York, Paris, London and Tokyo.

New air routes from Haikou to seven major cities in China are now open. There are also scheduled flights from Haikou to Hong Kong, Singapore and Thailand.

The expansion of old harbors and the construction of new harbors have raised handling capacity from 7.4 million tons to 10 million tons.

Last year, the province set up its own ocean-shipping fleet.

Hainan was designated a special economic zone in 1988. Since then 816 foreign-funded enterprises have been approved. Foreign investment totals 278 million U.S. dollars.

### **Hainan Develops Industrial District for Foreign Investment**

*OW2003074790 Beijing XINHUA in English  
0502 GMT 20 Mar 90*

[Text]Haikou, March 20 (XINHUA)—Hainan, China's biggest special economic zone, is developing an industrial district on the outskirts of Haikou City to attract foreign investment.

The 16.5-square-kilometer Jinpan Industrial District will be developed into a new city with a complete network of infrastructure and services.

The first phase of development on 2.8 sq km, complete with infrastructure, is open for business.

According to the city government, 18 Sino-foreign joint ventures have already been established in the district.

Seventeen firms signed agreements on land leases with the local authorities in the first two months.

### **Hainan Develops Telecommunications, Postal Facilities**

*OW2103011690 Beijing XINHUA in English  
1529 GMT 20 Mar 90*

[Text] Haikou, March 20 (XINHUA)—South China's Hainan Province will step up its efforts to construct post and telecommunications facilities this year.

The Post and Telecommunications Department of Hainan will invest 200 million yuan to install program-controlled telephone switching systems with a total capacity of 42,000 lines in Haikou and Sanya cities.

This year, a program-controlled switchboard with 32,000 telephone lines will be installed in Haikou, the capital city of the province. A 10,000-line switchboard will be set up in Sanya City on the south coast of the province.

A project to expand microwave communication between Haikou and Guangzhou, the capital of Guangdong Province, will soon be under way.

### **Guangdong's Zhuhai City Encourages High Technology**

*OW2103010890 Beijing XINHUA in English  
1533 GMT 20 Mar 90*

[Text] Guangzhou, March 20 (XINHUA)—Zhuhai, one of China's open cities, is stepping up efforts to facilitate foreign investment in technology-intensive enterprises with high returns.

New preferential treatment for export-oriented, high-tech enterprises includes remission of 20 to 30 percent of land use and capital construction fees which can be paid in installments.

These enterprises also enjoy a three to five percent discount in the leasing and purchase of factory buildings under the new policy, and the approval process has also been simplified.

By the end of last year the zone had 970 foreign-funded enterprises and 1,700 businesses processing client-supplied materials and parts. The gross value of industrial output last year was up 47 percent over the previous year.

Zhuhai concluded contracts with foreign investors totaling 213 million U.S. dollars, 120 million U.S. dollars of which has already been paid in.

## **LABOR**

### **Number of Jobless Expected To Rise**

*90OH0351A Beijing GONGREN RIBAO [WORKER'S DAILY] in Chinese 12 Jan 90 p3*

[Article by Zhuang Qidong (8369 0796 2639) and Deng Renhan (6772 7282 1281)]

[Text] At present, during the course of improvement and rectification, it is important that we study our employment problems in an effort to find effective countermeasures.

It is estimated that the disparity between supply and demand for urban and rural labor will worsen, with the overall supply of labor far exceeding demand. This is being manifested, on the one hand, by the unabated tendency for the workforce to increase and, on the other, by the greatly reduced demand for labor. According to estimates by departments involved, controls throughout the country on enterprises recruiting workers, a decline in the use of labor outside of the plan and a decline in the natural attrition of personnel, and readjustments in the economic structure will cause the absorption of labor in 1989 to be less than in previous years. In addition, factors such as enterprise bankruptcy have also increased the ranks of the unemployed. China has an agricultural workforce of more than 300 million persons. However, based on the country's present level of agricultural productive forces, a workforce of 180 million engaged in crop cultivation can handle its production, thus leaving a surplus of more than 100 million. In addition, because of economic readjustments and reductions in capital construction, rural laborers who originally worked in township and town enterprises or in the building trades have or will be flowing back into the villages in huge numbers.

The unemployment problem could become prominent all over again in the large- and middle-sized cities. The capacity of rural towns to absorb this workforce will become progressively less, and there is a greatly reduced tendency for collective or individually operated enterprises in the smaller cities to absorb those awaiting employment.

There is a tendency for the number of those losing their jobs to increase. The factors causing unemployment are complicated. For example, some personnel are leaving enterprises because of the expiration of their labor contracts, a system that is universally in effect. Some enterprises, especially some newly opened collective enterprises, have gone into a slump. This has been a particularly noticeable cause for the increase in job losses. Given the present slowdown in economic development, it is likely that there will be even more unemployed.

If we are to cope with this situation, the general thrust of China's present effort to provide employment must be in strengthening macroeconomic controls, making unified plans and taking all factors into consideration, and then making the appropriate arrangements. The goal must be

to reduce or to slow the growth in labor supply and to do everything possible to expand the demand for labor.

First, we must see to it that agricultural surplus labor is assimilated within agriculture.

This is the crux of the problem. As long as the rural areas make the proper arrangements, the cities will be able to cope. Based on China's "excessive population and poor economic foundation" and its 40 years of experience, we know that, although the absorption and shift of rural surplus labor can be accomplished either internally or externally, priority should be given to doing it internally within agriculture. There are roughly three means of absorbing and shifting China's agricultural labor externally: first, there are the township and town enterprises; second, they can go into the smaller cities; and third, they can be transferred to the international labor market. The currently employed workforce in China's township and town enterprises has reached more than 95 million persons. Judging from the present economic situation, the capacity of these enterprises to absorb labor is not likely to greatly increase on an overall basis. And in some cases, the capacity is limited, and part of the workforce may flow back into agriculture. As for shifting agricultural labor to the smaller cities, the trend there in the past two years has been toward a shortage of jobs. Employment opportunities in the smaller cities are not likely to be great. The amount of labor exported internationally has actually not been large, and it is not likely to increase greatly in a short period of time. Therefore, shifting agricultural labor externally can only be considered a supplementary means.

The level of productive forces within agriculture is in urgent need of being greatly elevated. This includes crop cultivation (especially, varieties of industrial crops in addition to grain), stockbreeding, poultry farming, fishery, as well as rudimentary processing of sideline products. As a result, they all have a large potential to absorb labor that has yet to be realized. Superficially it would appear that, with 2 mou of cultivated land per person in China and with this figure becoming increasingly smaller all the time, the surplus of labor for the traditional cultivation of crops is extremely large. However, the exploitation and utilization of China's agricultural natural resources have not been fully realized. Whether it is the processing of cultivated crops, stockbreeding products, or sideline products; even forestry, stockbreeding, fishery, or raising sideline products, to a certain extent they all have not been fully realized. Take freshwater fishery, forestry, and the cultivation of industrial crops as examples. In 1986, China could have utilized 5.03 million hectares for freshwater fishery. However, it only used 305 hectares of this area, roughly 60 percent of the total. Another example is Guizhou, the country of forests and mountains. Eighty-seven percent of the province is mountainous, and more than 460 million mou of these slopes are suitable for logging. Even though in recent years there has been a rapid development of large forestry contracts, yet only somewhat more than 2.7 million mou of that area is being exploited,

about .6 percent of the total. By deepening and expanding its development, agriculture definitely can absorb larger numbers of surplus labor. In recent years, the development in some regions of ecological farming and stereome farming led us to believe that this development in depth would expand the prospects for absorbing surplus labor. The crux of the question now lies in organizations at various levels and departments concerned providing leadership and increasing their investment and, in their policies and actions, supporting the shift of broad masses of agricultural laborers within agriculture, to thus promote the development of agriculture itself.

In addition, the agricultural workforce which in recent years shifted to the cities and towns was not "surplus" labor but was, to a large extent, laborers influenced by the better incomes they could receive in the cities and in industry as opposed to in the rural areas and in agriculture. This is also an issue that must be given ample attention and resolved properly and prudently.

Second, we must adhere to the principle of improving efficiency and expanding employment opportunities by setting up a dual employment structure in the cities and towns.

When there are sharp disparities in employment, improving efficiency and expanding employment opportunities are often mutually contradictory. During the last peak of high unemployment, we were at the same time confronted with an opportunity for greatly developing the economy. We did not unilaterally stress improving economic efficiency but correctly handled the two relationships by taking the expansion of employment opportunities as the main goal while at the same time giving consideration to improving economic efficiency, and where contradictions in employment were prominent, we even made widespread use of the contract employment method. Although economic efficiency did suffer to a certain extent, employment contradictions were quickly mitigated and large-scale social turmoil was avoided. Current analysis shows that adhering to the principle of improving efficiency and expanding employment opportunities is a successful approach. At present, by setting up a dual employment structure in the cities and towns, we can attain efficiency and employment opportunities. Thus, for employment purposes, we have to delineate the large- and medium-sized enterprises from the small enterprises and delineate the capital intensive and technology intensive enterprises from the labor intensive enterprises and separately bring into play the fixed-scale effect of the large, medium, and small enterprises. We must gradually institute a relatively flexible system of labor in the capital intensive and technology intensive enterprises. Labor intensive enterprises should absorb a large portion of the unemployed, as long as the enterprise's economic efficiency remains stable. In focusing on income disparities, the state must make use of adjustments on the basis of administrative experience and the current state of affairs to ensure that the social benefits of employment and unemployment

arrangements are separately reflected in the development of the various categories of enterprises.

Third, we must contain the unemployment rate within certain limits and perfect the unemployment insurance (social guarantees) and the employment services systems.

With the advent of various types of ownership systems for enterprises and the increased mobility of the workforce, the unemployed do not only come from enterprises under ownership by the whole people. It is, therefore, urgent that the original scope of unemployment insurance now be greatly expanded. If there are difficulties in instituting unemployment insurance in fixed-wages enterprises and enterprises not owned by the whole people, we could collect an unemployment benefit fee based on the number of employees who are discharged or who resign. This would still be managed by the present unemployment insurance organization.

In order to facilitate a two-way choice and reduce the pressures of finding a job during peak periods, various localities and departments concerned should strengthen their supply and demand forecasts for labor, make timely public announcements to their communities about labor supply and demand, perfect professional referral networks, improve the level of professional referrals and guidance for finding employment, and do everything possible to shorten the time that the unemployed have to wait for a job.

Fourth, we must guarantee the implementation of a standard education and appropriately increase medium-term and long-term professional training to mitigate the contradiction of having an excessive part of the workforce at the lower level.

In recent years, many of those joining the labor market each year who have attended junior middle schools and below, including graduates of junior middle schools, have never received any specialized training in technical skills. A large portion are illiterate. This not only affects the overall quality of China's workforce in the short term, it is quite harmful to the country's long-range economic and social development. For these reasons, we propose the following:

First, we must take strong measures to prevent middle and primary school students from leaving school early to take jobs. Second, we must combine pre-employment short-term training and adult education (including extension classes to raise educational levels and specialized training for technical skills) and appropriately increase medium-term and long-term training. Third, we must develop various categories of schools for professional skills and effectively link them with junior middle schools, thereby combining professional education with our national standard education, and consider the problems of the individual worker vis-a-vis the units making use of personnel and the problems of finding employment throughout society on a comprehensive basis, and in this way, gradually achieve an optimal-size workforce for all levels.

## TRANSPORTATION

### Contracting for Chengdu-Chongqing Highway Underway

#### Three-Stage, Five-Year Project

40060040A Beijing JINGJI RIBAO in Chinese  
23 Jan 90 p 1

[Text] International contract bids for the first phase of construction of the Chengdu-Chongqing highway were signed yesterday. Work should begin within 70 days, and take five years to complete. The project will be financed by a \$125-million loan from the World Bank, which was arranged last year, and with state subsidies and funds raised by Sichuan Province and Chongqing.

The highway will begin at the east end of Chengdu's Wugui Bridge and end at Chenjiaping in Chongqing. Most of the 340.2-km-long highway will be 12-meter-wide, grade-two highway. Those sections in the suburbs of Chongqing and Chengdu, however, will be grade-one highway.

The project will be divided into three stages, and 17 contracts will be awarded through an international competitive bidding process. Bidding for the six contracts of the first stage has already been completed. Sichuan Province, China International Engineering Consulting Company, and the Wilbur Smith [wei er bo shi mi si 1218 1422 2328 2457 1378 2448] Consulting Company, U.S., have organized an engineering supervisory office to oversee the project.

#### Domestic, Foreign Firms Bid

40060040B Beijing RENMIN RIBAO OVERSEAS  
EDITION in Chinese 26 Jan 90 p 3

[Excerpts] [passage omitted] Three road construction contract sections were awarded to China Highway Bridge Engineering Company [CHBEC] and Sichuan International Economics Technology Cooperative Company [SIETCC]. These three sections run from Laijiapo to Shipan, Shipan to Jianyang, and Zouma to Baishiyi. They will be grade-one roadway, 63 km in length, and cost over 250 million yuan. [passage omitted]

The project is divided into 21 road construction contracts and one electrical equipment contract. In 1989 five bids were awarded; the remaining 17 will be international contract bids, divided into three stages. Participating in the first stage are 23 large domestic and foreign construction enterprises and companies, including firms from Italy, Yugoslavia, Singapore, and Japan. [passage omitted]

The highway will reduce the current Chengdu-Chongqing route by 98 km, 164 km shorter than the train route. [passage omitted]

**3 First-Stage Contracts Signed**

40060040C Chengdu SICHUAN RIBAO in Chinese  
23 Jan 90 p 1

[Excerpts] [passage omitted] The highway will be built according to state and World Bank requirements. [passage omitted]

Three contracts in the first stage have been signed. The B & M section contracts have been awarded to SIETCC, and the C section contract was awarded to CHBEC. The three other first-stage contracts will be awarded in the near future. [passage omitted]

The project will include 88.2 km of grade-one highway. [passage omitted]

**Road Building in Yunnan**

40060039A Kunming YUNNAN RIBAO in Chinese  
27 Jan 90 p 2

[Summary] Last year Yunnan's investment in key highway construction projects was 108.3 percent of its quota. According to Yang Jiugao, deputy commander of the province's Key Highway Construction Leadership Group and Command Post, Yunnan can meet the goals of its Seventh Five-Year Plan by year's end.

The Plan calls for investing 440 million yuan in 13 projects to rebuild 347.5 kilometers of congested roadways. Originally, nine projects were to be completed by the beginning of 1990, but progress has been slow. In 1986 and 1987 only two projects totalling 43.5 kilometers were begun, with an investment of 72.8 million yuan; this represented 12.5 percent and 19 percent of the Plan's kilometer and investment targets. In September 1987 the provincial government established the Key Highway Construction Leadership Group and Command Post, which introduced a competitive system of public bidding and selected 10 construction teams; work soon began on all 13 projects. In the past two years, investment has averaged more than 100 million yuan annually, and over the past four years total investment reached 71 percent of the Plan's investment quota. By the end of 1989, four projects had been completed, with work on the remaining projects continuing apace.

**Shanghai Port Continues To Increase Capacity**

OW0502181190 Beijing XINHUA in English  
1447 GMT 5 Feb 90

[Text] Shanghai, February 5 (XINHUA)—The Port of Shanghai, which has the largest cargo handling capacity in China, will build and update 20 berths of the 10,000-dwt [deadweight ton] class during the Eighth Five-Year Plan (1991-1995), according to Zhang Yan, director of the port administration.

Four of the berths will be built at Waigaoqiao and two coal terminals at Luojing. Berths for grain and other cargoes will be renovated. In the meantime, construction of a domestic and an international passenger wharf and

a building for modern navigation and telecommunication facilities will be completed.

In the past four years 1.35 billion yuan (287 million U.S. dollars) has been spent on fixed assets, including the construction and renovation of 22 berths, of which 15 were deepwater facilities. As a result, the port's handling capacity was increased by more than 10 million tons.

Last year, the total volume of freight handled reached 146 million tons, the highest ever.

**Yunnan Developing Waterway to Southeast Asian Countries**

OW0702122290 Beijing XINHUA in English  
0246 GMT 7 Feb 90

[Text] Beijing, February 7 (XINHUA)—Yunnan Province is developing the waterway of the Lancang [Mekong] River, linking China with Burma, Laos, Thailand, Kampuchea and Vietnam.

A 104-km dredging project is now under way. When the project is completed in 1991, 292 km of the river will become navigable for the 100 dwt [deadweight ton] class vessels, according to CHINA COMMUNICATIONS NEWS.

This was revealed recently at an international symposium on navigation held in Kunming, the capital of the province.

When the middle and lower reaches of the river are improved, 1,000 dwt-class vessels will be able to sail from China right through to Southeast Asia.

The Lancang River originates on the Qinghai-Tibet Plateau and runs 1,247 km through Yunnan.

**January Cargo Handled at Ports Exceeds Quota**

OW0702141390 Beijing XINHUA in English  
1259 GMT 7 Feb 90

[Summary] According to the Ministry of Communications, China's inland and coastal ports handled 41.7 million tons of cargo in January, 8.7 percent more than the targeted quota. The Chinese merchant fleet shipped a total of 17.76 million tons of cargo, three percent over quota. China's 23 major coast ports handled 11.86 million tons of foreign trade cargo.

**Shenzhen Airport Terminal Project Begins**

OW2702011490 Beijing XINHUA in English  
1510 GMT 24 Feb 90

[Text] Shenzhen, February 24 (XINHUA)—Work began yesterday on a new terminal at Shenzhen Airport in south China's Guangdong Province.



With a floor space of 20,000 sq m and a 113 million yuan (about 22.6 million U.S. dollars) investment, the terminal is expected to handle 3.4 to 4.75 million people annually when it goes into operation in June next year.

When the Shenzhen Airport is operational, it will be able to handle large planes.

## AGRICULTURE

### Guangdong Meat Consumption Data Compiled

HK2103025690 Beijing CHINA DAILY in English  
21 Mar 90 p 3

[By staff reporter Li Zhuoyan]

[Text]In Guangdong Province on China's south coast, the average amount of poultry and livestock meat per person increased from 10.5 kilograms in 1978 to over 30 kilograms last year, 7.3 kilograms more than the average for the country as a whole.

These figures were compiled by the provincial Department for Animal Husbandry. The total output of domestic animal meat last year exceeded 1.8 million tons, 5.3 percent more than in the previous year.

And the gain in domestic animals can be largely attributed to the development of herbage growing in many areas of the province in the past several years.

The province has focused on planted herbage since 1981 and the total area of planted forage grass has reached 26,667 hectares.

Planting herbage has led to good social and economic results for the province and saved it from using a large amount of grain as fodder.

For example, over 74,800 households in the province's Meixian, Xingning and Wuhua counties have raised a total of 150,000 head of livestock and poultry with forage grass instead of grain fodder. This has saved them about 650,000 kilograms of grain in just one year and reduced by over 700,000 yuan (\$148,936) the cost of raising the animals.

"In fact, utilization of herbage in domestic animal raising has help us ease the tension between the demand and supply of grain fodder that has troubled the province for a long time," said Li Xuede, director of the provincial Department for Animal Husbandry.

Li said experiments showed that to mix a certain proportion of herbage (from 5 to 20 percent of the total amount) with grain fodder in raising domestic animals such as chickens and pigs can have the same effect as using grain fodder only, while saving 0.1 to 0.4 yuan for every kilogram of gain in the weight of the animals.

The province encourages intercropping of herbage in orchards, woods and forests.

**Etiquette School Opened in Beijing**

OW1703224990 Beijing XINHUA in English  
1437 GMT 17 Mar 90

[Text] Beijing, March 17 (XINHUA)—Lu Mingfei, a 27-year-old cook who was once not careful at all about the way he talked and behaved, has now become a little gentleman after half a year of studying at the Beijing Etiquette School.

Lu is one of the first 200 students to study at the school, China's one and only etiquette school.

It offers courses in ethics, customs and habits, esthetics and public relations. Students learn how to behave on different occasions such as in public places, homes and work units.

All students are asked to love their country, their collectives and their families, and to behave themselves according to standards of etiquette.

After one or one and half years of studying and training here, graduates will be recommended by the school to work in companies, restaurants and hotels.

Li Ning, the 28-year-old dean and also the founder of the school, worked in a public relations company after graduating from the Beijing Foreign Trade College in 1984.

In the company she found that some people who did public relations work had not even a fundamental knowledge of etiquette, so she decided to open an etiquette school.

The school now has 27 teachers, all of them recruited from the Beijing Foreign Trade College, Beijing Normal University and some literature and art organizations.

The students pay their own way—about 1,200 yuan each a year.

**First Computer Dating Service Established**

OW1803192890 Beijing XINHUA in English  
1453 GMT 18 Mar 90

[Text] Beijing, March 18 (XINHUA)—Single men and women in Beijing now may feel easier to find a satisfactory spouse as they have a new and, to some extent, efficient matchmaker—the Great Wall Information Telephone Service.

The service, numbered 8317722, is the first of its kind in the Chinese capital. Over the past two months, more than 1,000 spouse-seekers have registered with the telephone match-maker, and one-fifth of them are now busy with datings, according to Miss Guo Ying, a graduate of the prestigious People's University who is also the leading go-between.

In an interview with XINHUA, she said, "If an applicant gives us a phone call, he or she will receive a form through mail to fill his or her requirements of the potential spouse."

These forms will be processed by computers on the basis of physiology, psychology, interests, age, height and disposition, to make out the best match, she said.

The whole service will cost 15 yuan for a man and 10 yuan for a woman. According to Guo, one-third of the applicants so far are women.

In China, to find a satisfactory spouse is not easy for some single men and women, especially for divorcees and widows, as many of them are either busy with work or lack adequate opportunities of social contacts.

To make things easier for them, many neighborhood committees, workers' unions and women's federations have set up various kinds of matchmaking services in the past decade.

## EAST REGION

### Local People's Congress Reelection Discussed

OW0603005790 Shanghai JIEFANG RIBAO in Chinese  
11 Feb 90 p 1

[JIEFANG RIBAO Commentator: "Strengthen Party Leadership and Make the Reelection a Success"]

[Text] The reelection of people's congresses of various districts, counties, townships, and towns in Shanghai has started in all areas. Making a success of this reelection, which is an important thing in the political life of the people in Shanghai, is important for the implementation of the principles outlined in the Fourth and Fifth Plenary Sessions of the 13th CPC Central Committee, reinforcing the grassroots governments, consolidating and developing political stability and unity, and further arousing the socialist incentives among the vast numbers of people. Thus, all people's congresses must make the reelection a success and all party committees must earnestly exercise stronger leadership over the project.

One important requirement for the party to strengthen its leadership over the reelection is to support and guide all electoral organs to give full scope to socialist democracy and strictly handle all election-related affairs according to the law. The law has clearly prescribed the procedures of all election stages including voter registration, nomination and recommendation of candidates, determination of candidates, the way candidates are introduced to the electorate, the number of candidates, the number of candidates who will be elected, and balloting. We must give full play to socialist democracy, handle all election-related matters strictly according to the law, respect the voters' choices, and safeguard their right to exercise their democratic rights according to the law. This is the key requirement that must be met so that the current reelection will be a complete success.

Since the reelection involves nearly 10 million voters, we must educate the people thoroughly. Party organizations at all levels must thoroughly educate the vast number of cadres and people on socialist democracy and law, the current situation, and the state of the country until everybody knows that the kind of democracy which rejects socialist law, the party leadership, discipline, and order is not socialist democracy at all. We should help people clearly distinguish between socialist democracy and capitalist democracy and between socialist democracy and radical democracy and anarchy so that they will strictly abide by the law while exercising their democratic rights. Only by doing this can we ensure reelection's success.

Since the workloads of various party committees are heavy and the period from late February to the end of March is the most important period of the reelection, the handling of all assignments should be planned as a whole and the most important assignments should be tended to so that the reelection will be properly organized and ensured in terms of time, manpower, and material resources.

As far as the nearly 10 million voters in Shanghai are concerned, the reelection is another important practical experience in exercising socialist democracy. Each and every voter must cherish his or her democratic rights and be jealous with his or her sacred vote. As active, serious, and responsible masters of their own country, they should vote strictly in accordance with the Constitution and the "Election Law," and fight all kinds of lawless acts that undermine the reelection. We believe that because of the common efforts exerted by people throughout Shanghai, the reelection will become a complete success.

### Anhui Studies CPC Document on Multiparty Cooperation

OW0603044290 Hefei ANHUI RIBAO in Chinese  
11 Feb 90 p 1

[Text] The leading party group of the Anhui Provincial People's Congress Standing Committee seriously studied the "Opinions of the CPC Central Committee on Persisting in and Perfecting the System of Multiparty Cooperation and Political Consultation Under the Leadership of the CPC" after it was transmitted. On 9 February an enlarged meeting of the leading party group was held to transmit and study the document. The meeting, in which members of the provincial people's congress standing committee and cadres at and above the departmental level attended, also studied the important speech made by General Secretary Jiang Zemin at the meeting of directors of united front work departments of various provinces, municipalities, and autonomous regions. Comrade Wang Guangyu, secretary of the leading party group, presided over the meeting and made a speech.

The meeting pointed out: The "Opinions" is an important Marxist document, and its implementation is a major event in China's political life. Seriously implementing the document is of major and far-reaching importance in safeguarding the country's political stability and unity, promoting socialist modernization and the motherland's reunification, and making China a prosperous, democratic, civilized, and modern socialist country. We must seriously study the document with reference to the work of the people's congress and firmly implement it.

Comrade Wang Guangyu pointed out: The people's congress is part of China's fundamental political system. It is an organ through which the people exercise state power. Members of democratic parties and persons without party affiliation account for a certain proportion in the people's congresses at various levels and in the standing committees of people's congresses. From now on, we must act in accordance with the document and take further steps to bring into play the role of members of democratic parties and persons without party affiliation. The leading party group of the people's congress standing committee and CPC members working for the people's congress should strengthen ties with members of democratic parties and people without party affiliation, make good friends with them, exchange information and ideas with them, and bring their due role into full play.

### Shanghai Elects New District Party Committee

OW0603013290 Shanghai City Service in Mandarin  
2300 GMT 17 Feb 90

[Text] The Huangpu District party congress closed on 16 February. With the closing of this party congress, all the 12 districts in Shanghai have elected new party committees. The new district party committees will start work with a new face.

The party congress proceeded very smoothly in every district, and the goals they set were attained. Leaders of the Shanghai Municipal CPC Committee and Discipline Inspection Commission attended the 12 district party congresses. On behalf of the municipal party committee, they fully affirmed the achievements made by the district party committees over the last three years.

The party committees and discipline inspection commissions of the 12 districts all delivered work reports to their respective congresses and outlined the goals and tasks of economic and social development as well as party building during the next three years.

Delegates to the district party congresses seriously examined the work report delivered by the outgoing district party committees and discipline inspection commissions and elected new party committees and discipline inspection commissions. The newly elected leading bodies of the 12 district party committees and discipline inspection commissions have begun their work. In accordance with the demands of the party Central Committee and the municipal party committee and together with the leaders of the district party congress and government and the district committee of the Chinese People's Political Consultative Conference [CPPCC], they carried out vigorous research and investigation and led vast numbers of office cadres to the district's industrial, finance, and trade units and to the schools, neighborhoods, and other grassroots units to listen to the views of the masses, help them resolve problems encountered in their daily lives, and perform concrete deeds for the people.

### Anhui CPC Committee Adopts Resolution on Congress

OW0603041190 Hefei Anhui Provincial Service  
in Mandarin 1100 GMT 21 Feb 90

[Text] The resolution of the 12th Plenary Session of the Fourth Anhui Provincial CPC Committee was adopted on 20 February 1990.

1. The 5th Provincial CPC Congress will be held in Hefei on 25 February 1990. The agenda of the congress will be: first, hear and examine the work report of the Fourth Anhui Provincial CPC Committee; second, hear and examine the work report of the Anhui Provincial CPC Advisory Committee and the work report of the Discipline Inspection Committee of the Anhui Provincial CPC Committee; third, election of the Fifth Anhui Provincial CPC Committee; fourth, election of the Anhui Provincial CPC Advisory

Committee and the Discipline Inspection Committee of the Anhui Provincial CPC Committee.

2. Approve the work report of the 4th Anhui Provincial CPC Committee, and decide on turning the work report over to the Fifth Provincial CPC Congress for examination.

The plenary session calls on all party members and people in the province to continuously and steadfastly implement the party's basic line and the guidelines of the Fourth and Fifth Plenary Sessions of the 13th CPC Central Committee. The plenary session also calls on everyone to carry out the hard struggle with one heart and mind so as to strive to score another victory for Anhui in socialist modernization.

### Anhui County Secretary Views Ideological Education

OW0403004290 Hefei Anhui Provincial Service  
in Mandarin 1100 GMT 28 Feb 90

["Interview" with Xie Qun, secretary of the Jingxian County CPC Committee and delegate to the Fifth Anhui Provincial CPC Congress, by station reporters Zhou Jun and Zhao Rulin: "Do a Conscientious Job in the Ideological Education of Party Members in the New Situation"—recorded]

[Text] In the new situation brought about by reform and opening to the outside world, Jingxian County has conscientiously stepped up the ideological education of party members and has achieved initial results. How has Jingxian County efficiently performed this task? At a hostel where delegates to the party congress stayed, these reporters interviewed Comrade Xie Qun. The following is our recorded interview with Comrade Xie Qun:

[Xie Qun] In his report to the fifth provincial party congress, Comrade Lu Rongjing pointed out: Strengthening the education of party members is an important link to master in order to fundamentally improving their quality, and priority must be given to this work in party development. We have deeply realized through the practice of party development that it is absolutely necessary for the provincial party committee to stress and give priority to the ideological development of the party and the education of party members.

In the new situation brought about by reform and opening to the outside world over the past two years or so, Jingxian County has made some explorations and experiments in the education of party members according to requirements set by the provincial and prefectural party committees. We have done some work in this regard.

1. We have conducted education according to the basic aim of the party to encourage large numbers of party members to work hard for the cause of the party, serve the people wholeheartedly, and strive to realize communist ideals. To this end, we reeducated party members in the basic aim of the party throughout the county last year. More than 300 party branches in the county's 45 units were organized in two stages to appraise party members through democratic

discussions. We first required all party members to conscientiously study the party constitution and restudy the oath they took when admitted into the party. Then, they were required to compare their thinking and deeds against the party constitution and the oath and find the differences between them. We encouraged the members of party organizations that had yet to appraise their members through democratic discussion to extensively educate themselves as communists. While doing so, party members were required to keep the basic aim of the party firmly in mind, maintain the true qualities of a communist, and be a qualified party member. Through the education of party members in the party's basic aim, they have further strengthened their party spirit; this education has particularly had an impact on party members whose deeds were rather regressive.

2. We have conducted education in upholding the four cardinal principles and have required party members to always keep to a firm political stand. To vividly educate party members in upholding the four cardinal principles, we have carried out education in loving the party, the country, and socialism throughout the county last winter and this spring. As a result, large numbers of party members, cadres, and members of the masses have further realized that without the communist party there would be no new China and that only socialism can save and develop China. They have further strengthened their faith in unswervingly following the socialist road under the leadership of the CPC.

3. We have conducted education in communism and encouraged party members to inherit and develop the revolutionary spirit of struggle. Jingxian County was an old revolutionary base area. [words indistinct] The 50th anniversary of the Wannan Incident will fall in January 1991. Using this incident as a good example to educate people in revolutionary traditions, the county party committee began, at the end of last year, to call on party organizations at various levels and party members throughout the county to carry out educational activities in remembering martyrs and discussing revolutionary traditions and contributions. Now these activities are in full swing in the county. The county party committee has combined the effort to conduct education in revolutionary traditions and that to promote a clean government. Party members are required to learn from revolutionary martyrs in maintaining their noble qualities and fine workstyle. Now many party members and party cadres in positions of responsibility conscientiously resist the influence of unhealthy social trends such as money worship and the pursuit of ease and comfort, and struggle against corruption in the party. They are also paying attention to maintaining the good image of a communist among the people, thus earning favorable comments from the masses.

4. We have conscientiously conducted education in the basic theory of Marxism, the party's basic line, and the basic knowledge of party building. Members of the leading bodies of party branches in the county's rural areas were trained in groups last year. We have already made preparations for the secretaries of 36 town and township party committees and 273 village party branches to begin their training at the

county party school in early March. While attaching importance to training the members of party leading bodies, we have also gathered party members in towns or in township government seats for training every winter and spring and during the slack seasons in farming. In addition to improving the quality of party members, we also educate party members in rural areas in science and technology, farming skills, and general law. The aim of this is to improve the quality of party members in an all-around way. With the above methods, we have stepped up the education of party members in the county. We feel that large numbers of party members have gradually strengthened their party spirit. Particularly since the fourth and fifth plenary sessions of the party's 13th Central Committee, the role of primary party organizations as a fighting bastion, and the vanguard and exemplary role of party members in the county has been brought into fuller play. Although we have encountered many difficulties along the road of progress, our county has maintained political stability and unity and a steadily developing economy, and fairly good results have also been achieved in the building of spiritual civilization. We are determined to conscientiously implement the guidelines of the fifth provincial party congress and to do an even better job in party building.

#### **Zhejiang Leaders Attend Provincial CPPCC Opening**

*OW1503225390 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 6 Mar 90*

[From the "Provincial Hookup" program]

[Excerpts] The Third Session of the Sixth Zhejiang Provincial Chinese People's Political Consultative Conference [CPPCC] Committee solemnly opened in Hangzhou 6 March at the provincial Great Hall of the People. At 0900, Shang Jincai, chairman of the provincial CPPCC committee, announced the opening of the session. [passage omitted]

Provincial party, government, and military leaders Li Zemin, Shen Zulun, Ge Hongsheng, (Liu Feng), Chen Fawen, Xu Xingguan, (Liu Yifu), Chen Anyu, Li Yuhua, Wang Qidong, Wang Yumin, Wang Zhonglu and (Wu Hongge) attended the opening ceremony. Su Buqing, vice chairman of the CPPCC National Committee; and Tie Ying, member of the Central Advisory Commission, also attended the opening ceremony.

The provincial CPPCC committee's vice chairmen, Wu Youxin, He Zhibin, Zhou Chunhui, Jiang Cisheng, Qiu Qinghua, Zhan Shaowen, Wang Chengxu, Ding Deyun, Li Chaolong, Su Jilan, Xu Yanzhuang, and Secretary General (Jian Nansheng); old Comrades Mao Qihua, Wang Jiayang and Cui Jian; and standing committee members of the provincial CPPCC committee sat at the rostrum.

The members unanimously approved the agendas for the session.

Tang Yuanbing, vice chairman of the provincial CPPCC committee, delivered the work report on behalf of the Standing Committee of the Sixth Zhejiang Provincial CPPCC Committee. [passage omitted]

## CENTRAL-SOUTH REGION

### Hainan Stresses Environmental Protection

OW1703053190 Beijing XINHUA in English  
1544 GMT 16 Mar 90

[Text] Beijing, March 16 (XINHUA)—The Chinese Government will accelerate the opening and economic development of Hainan Island, one of the five special economic zones in the country, a high-ranking official said here today.

Song Jian, state councillor and minister of the State Science and Technology Commission, said: "China welcomes international societies to initiate cooperation and provide assistance to the island province."

The government and scientific circles are very concerned about how to develop Hainan quickly while protecting its environment, he said at an international conference on Hainan's economic development.

More than 40 Chinese and foreign specialists put forward many specific suggestions, but they held that the most important and urgent thing is to work out a strategy for environmental protection and manement.

Some specilists said that China should draw on the successful experiences of other countries and establish an international consultation council for Hainan's economic development and environmental protection, and set up a special development foundation.

Kenneth Prewitt, Vice President of the Rockefeller Foundation, held that Hainan's development should have three props—the central government of China, Hainan Province itself and international society.

Delegates attending the conference included specialists from the UN Development Program, UNESCO, the Asian Development Bank, France, and the United States.

### Guangzhou CPPCC Plenary Session Concludes

HK1903084590 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 17 March 90

[Text] The seven-day Third Plenary Session of the Seventh Guangzhou City CPPCC Committee concluded in the Guangdong Provincial People's Government Auditorium this afternoon.

The closing session adopted "Report on Examination of Motions Put forward at the Third Plenary Session of the Seventh Guangzhou City CPPCC Committee" and "Resolution of the Third Plenary Session of the Guangzhou City CPPCC Committee."

During the session, all the members of the Guangzhou City CPPCC Committee, in a spirit of showing utter devotion and sharing weal and woe, unfolded discussions on the "Opinions of the CPC Central Committee on Adhering to and Perfecting the CPC-led Multiparty Cooperation and Political Consultation System" and on the question of how to push ahead with the campaign aimed at improving the economic environment, rectifying the economic order, and deepening the reform in Guangzhou; how to promote the building of both the socialist spiritual civilization and the socialist material civilization in Guangzhou; and put forward a variety of proposals in this regard.

The session was held in a democratic, united, practical, and progressive atmosphere.

### Analysts Link Reform Policy, Shenzhen Book Purchases

OW1803190690 Beijing XINHUA in English  
1438 GMT 18 Mar 90

[Text] Shenzhen, March 18 (XINHUA)—Residents in Shenzhen, one of China's special economic zones, bought 20.8 yuan-worth of books per person last year, far surpassing the national average of five.

State-run bookstores in the city sold 10 million volumes of books worth 21.4 million yuan last year.

Market analysts attribute it to local residents' higher cultural interest following the introduction of the open-and-reform policy and stores' longer business hours.

The open-shelf service in these stores also promotes the sales.

The average book-buying value per capita last year in Guangzhou, Beijing and SHanghai were 18.3, 12.7 and 11.4 yuan respectively.

## NORTHEAST REGION

### Clean Government Begins With Local People's Congresses

90ON0390A Shenyang LILUN YU SHIJIAN [THEORY AND PRACTICE] in Chinese No 2, 15 Jan 90 pp 21-22

[Article by Zhang Zheren (1728 0772 0086): "How Local People's Congresses Can Take Effective Clean Government Measures"]

[Text] Since the Fourth Plenary Session of the 13th CPC Central Committee, the party Central Committee has made a series of important directives regarding proposals to punish corruption and enhance clean government. Reforming, opening to the outside world, and making the economy prosperous on the one hand, while staying honest and opposing corruption on the other, are equally important. They support and complete one another. Neither should be overemphasized at the expense of the other. If we merely attend to making the

economy prosper while disregarding clean government, then in working on the economy we may corrupt politics. Economic prosperity cannot be maintained over the long haul in this way.

The multiplication and spread of various types of corruption have seriously harmed government and disrupted relationships between the party and the masses, endangering China's future and fate. Local People's Congresses and their standing committees should take on the duties granted them by the Constitution and the law as promoters and driving forces behind punishing corruption and enhancing clean government.

### **1. Enhance Local Legislation, Ensure That Government Does a Good Job of Cleaning Up**

The appearance of dirty government and corruption reflects a serious loss of power restraints. Although the party and the state have already made a series of major policy decisions regarding enhancing clean government, and they have formulated laws, regulations, decisions, and administrative measures, they have little effect in controlling corruption. Because of certain somewhat abstract regulations and the lack of corresponding laws and regulations, it is still unclear how to enforce them, who will enforce them, and what procedures to follow. Some regulations are difficult to implement, resulting in a loss of legal power restraints. Therefore, some illegal elements have jumped into loopholes where the law is imperfect. They resort to bribery and undermine the foundations of socialism by "using the Communist Party's money to buy the Communist Party's authority, and using the Communist Party's authority to seize the Communist Party's money." This means that the local People's Congresses and their standing committees must further improve laws, regulations, and other relevant stipulations; sum up local actual situations; and gradually stipulate needed local laws and regulations suited to clean government, for example, relevant stipulations such as reports to higher bodies regarding the property of local state organ personnel and their clean government compliance. When stipulating these articles, we must strive to adhere to reality and be feasible. The nature and characteristic of the People's Congresses determines that work must proceed in accordance with the law. One's authority is to be exercised according to law. It will not do to have no laws. Likewise, it is difficult to proceed if there is law in substance but there is no order to it. Therefore, local People's Congresses and their standing committees must enhance local legislation. We must win the confidence of the people by implementing clean government measures according to the law. Enhancing the transparency of government affairs work, legal stipulations have a mandatory as well as public nature. Let the people know of major local affairs. Let them see that the party and the state punish corruption and enhance their determination and actions for clean government.

### **2. Augment Supervisory Function, Promote Clean Government**

Supervisory authority is an important function of local People's Congresses and their standing committees. They mainly supervise and oversee each government action and promote effective exercise of government authority within the scope stipulated by law. Supervisory authority is a definite restrictive force. Unsupervised authority lends itself easily to unrestraint, corruption, and autocratic tendencies. In the process of switching from the old to the new system, some cadres have jumped into loopholes where the system is imperfect. They are derelict in duty, practice graft, and when units or individuals ask them to do something they will not unless they receive some advantages. Besides lax management and imperfect regulations, the key reason that authority and money can transact business is weak supervision which allows authority to be hyperinflated and leads to wrongdoing. Thus, local People's Congresses and their standing committees must strengthen their supervisory function. How is this function to be strengthened? First, we must establish the notion of supervision. Improve cadres' and the masses' understanding of the important significance of lawful supervision of People's Congresses and their standing committees. Supervision of People's Congresses exercised by representatives of the state and the people is granted by the Constitution and laws at the highest level. Relevant departments take acceptance of this supervision as their own legal responsibility. We must overcome the incorrect thinking that regards supervision of People's Congresses as nonessential out of fear that supervision might influence relations between People's Congresses and the government. Second, we must perfect supervisory mechanisms over People's Congresses and their standing committees, and enrich the personnel in line with work demands. At present, some local People's Congresses and their standing committees have not set up specialized committees. Although others have, they still lack sufficient personnel. To be effective, the law depends on perfected mechanisms and personnel. If mechanisms are imperfect and there are too few personnel then even better laws can still only be bundled up and placed on the top shelf; they will have no legal effect. Third, we must set up and perfect a supervisory order. The characteristic of People's Congresses and their standing committees is to exercise their authority lawfully. This authority still cannot be exercised normally if there is supervisory authority but no order to democratic supervision. Thus, the systematization and normalization of supervision of People's Congresses and their standing committees through legal force and restraint is of top priority to guarantee exercise of the supervision function. Fourth, we must organically exercise authority to supervise, ask for explanations, recall, and decide. We must set up the legal authority for supervising People's Congresses. We must have a legal order for dealing with electing, appointing, or dismissing cadres who engage in illegal activities or those who create serious losses to the state

due to dereliction of duty, neglect, or faults. Explanations should be asked for from those who have to explain. Those who should be impeached ought to be impeached. We must dare to recall those who should be recalled. Regarding cadres who have made prominent achievements in their political careers, we must dare to commend those who should be rewarded. Organically exercising these functions together will produce greater legal and social effects.

Leadership is the key to honest government. Therefore, the emphasis of enhancing supervisory authority over People's Congresses lies in supervising congress and standing committee cadre elections and dismissals. More important than giving prestige to the People's Congresses themselves, doing so will promote clean government. It is advantageous to rectification and improvement of the economic environment and to deepening reform.

### **3. Support Work of Administrative Control Departments and Judicial Organs, Promote Clean Government Work**

Supervision and support are the integration of opposition. They are indivisible parts of a unified whole. This unified whole is none other than the work of socialism. Each exercises its own authority in order to realize this common goal of struggle. Local People's Congresses, their standing committees, and "one government in two branches" are all under the party's leadership. In order to prevent misuse of authority, the Constitution stipulates: "State administrative, judicial, and procuratorial organs emerge from, are responsible to, and are supervised by the National People's Congress." Local People's Congresses and their standing committees support the work of administrative supervisory departments and judicial organs. They cannot depart from their constitutionally and legally granted supervisory function. That is to say, support implies supervision. Such support means adopting effective measures in order to bring into full play the supervisory function of local People's Congresses and their standing committees.

From the perspective of supervision, we must support just law enforcement of administrative control departments and judicial organs. At present, incorrect practices in society have corrupted some cadres, sometimes involving local senior officials. Relationships are complex, the situation is difficult to deal with. It is hard to investigate and handle these matters, such that, "it is difficult to investigate, find proof, determine the nature of the offense, and clear it up." People's Congresses and their standing committees should aim at current, real problems. They should begin with what can be seen and acted on. They must dare to supervise and correct those who suppress the law with authority and change the law with their words. Regarding important and major criminal cases, they must earnestly investigate and clear them up and listen in a planned manner to submitted reports. When necessary they must lawfully ask for explanations and make inquiries or set up studies on specific issues. They should definitely not be too lenient.

Those who ought to be penalized certainly must be. Fully playing their function, they must eliminate interference from administrative control departments and judicial organs, clear out roadblocks, and motivate them to investigate and bring criminal cases to successful trial.

Regarding clean government, we must organically integrate supervision inside and outside the system. Audit and control departments are the government's internal supervision mechanisms to cleanse itself, punish corruption, and make government clean. Because they are internal mechanisms, they are administratively under the jurisdiction of the senior officials of one's own administrative district. Therefore, the departments are easily disrupted. They face great obstacles in enforcing law and discipline when investigating personnel criminal cases. Because they lack both supervisory legal judicial measures as well as economic punishment authority, it is difficult for them to sufficiently threaten corrupt elements. There are numerous considerations in bringing on a criminal case. Thus, the support of People's Congresses and their standing committees for audit and control departments is of prime importance. Restricted in both supervisory and legal terms, such support is different from that of general organs. It can forcefully urge audit and control departments to fulfill their duties and eliminate troubles back at home.

In sum, this kind of support, which originates from legal supervision, can closely integrate the government's internal and external supervision systems, thereby promoting clean government.

### **4. Develop the Role of People's Representatives, Deepen Clean Government**

Representatives of the people are the foundation and work base of People's Congresses and their standing committees. If one removes representatives of the people, then People's Congresses and their standing committees will be "big signs and empty frames" void of authority and life force. The authority of People's Congresses is manifested in the conduct of the representatives of the people. We can deepen clean government only by highly regarding representatives of the people and having them fully play their roles.

People's Congresses and their standing committees must establish the main concept of being representatives of the people. Representatives of the people exist in the form of People's Congresses and their standing committees. The form would not exist without its underlying concept of representing the people. The two are intimately connected. It is impossible to lack one. However, the underlying concept in which the form exists is to represent the people. This must be firmly established. Without this main concept there will be no improvement in the work of People's Congresses and their standing committees. The state has issued a series of laws, regulations, and articles on enhancing clean government. The government also formulated some administrative measures. From the macroscopic viewpoint it can be said



that the government has improved control, but corruption is still relatively serious in many units and departments, as seen in microscopic dislocation. Local People's Congresses and their standing committees are responsible for these microscopic dislocations. Besides not stipulating laws governing supervisory order, they critically have not fully brought into play the conceptual roles of representing the people. At this session Liaoning had nearly 80,000 representatives of the people at various levels, who came from various nationalities, circles, and administrative levels. They have authority to participate in and discuss government. If People's Congresses and their standing committees pay heed to improving relations with representatives, create [favorable] conditions for their activities, and really bring their roles into full play, then People's Congresses and their standing committees' supervisory work will take on a new form

Representatives of the people must augment their consciousness of a people's government by the people. Representatives of the people are elected by the people to represent them in controlling the state. They ought not to be "representatives of representatives; after a congress is over all work is done." They must not neglect the great trust placed in them by the people. They must be good spokesmen for the people. Representatives of the people must take clean government as their own legal responsibility. They must exert themselves in the task and undertake the burden of representation, improve relations with the electorate and echo the voice of the people, and deeply consider major political and economic issues within the areas they represent. Standing at the top levels of state control, representatives must give counsel, steadfastly undertake legal democratic supervision of the government, appraise cadres in a timely manner, have better restraint of government personnel, help enhance the public servant consciousness of government workers, justly enforce the law, and wholeheartedly serve the people. If People's Congresses and their standing committees throughout China fully motivate the enthusiasm of representatives of the people, bring their roles into play, and create local climates of clean government everywhere, gradually linking together as one whole, then there will very quickly be a national climate for clean government. Then the phenomenon of people's government for the people will quickly be established.

#### **Commentator Supports Emphasis on Grain Output Goal**

90ON0436B Harbin FENDOU [STRUGGLE]  
in Chinese No 2, 1 Feb 90 p 1

[Commentator's article: "All-Party Mobilization for Agricultural Work—Let's Do Our Best To Reach a New and Higher Level"]

[Text] The Fifth Plenary Session of the 13th CPC Central Committee issued a call for a vigorous mass campaign to give utmost attention to agriculture, to support agriculture, and to develop agriculture. For this purpose, the provincial party committee has proposed

that the party mobilize all its members for effective work in agriculture, to effect improvements for better grain production in Liaoning Province, and to work hard to achieve a harvest of 18 billion kg this year; and a harvest of 20 billion kg in 1992. We shall indeed work hard to fulfill these glorious tasks.

We have to admit that, throughout the entire rural economy of Liaoning Province, huge changes have indeed already taken place compared with conditions before the reform: The overall capacity of grain production has been raised to a new level. Agricultural production, especially grain production, is entering a track of reliance on scientific and technological progress and has reached the early phases of a stage where science and technology actively promote agricultural progress. The structure of production has changed in that it now provides a firmer foundation for the growth of the rural economy. The output-related household contract system has been consolidated and improved, thereby generally increasing the economic power and operational capability of rural households. And, the operational mechanism of the rural economy is now in the process of shifting toward planned commodity economy. However, we must also accurately see the problems that still exist: a slackening in the agriculture-based ideology, resulting in weakened leadership in agriculture and weakened support for agriculture; the peasants' diminishing enthusiasm for growing grain because of its lower profits; a generally rather low production capacity; certain imperfections in the reform, which hamper agricultural development. We must effect a complete turnaround in those conditions throughout the entire agriculture that are not in line with the economy of the province and the demands of the state, put a stop to the fluctuations in grain production that prevailed during the last five years, take new steps forward, and work hard to reach a new and higher level of agricultural production.

Faced with all these existing problems and difficulties, the crucial factor is to perform an accurate analysis and to be imbued with a lofty spirit. We must realize that the party and the state have raised agriculture to a place of highest importance, and that the provincial party committee and the provincial government are both determined to adopt effective measures to ensure that the strategy for the entire economic development is slanted toward agriculture. The macroclimate that they have thereby created will be extremely beneficial for the development of agricultural production. Liaoning Province has, furthermore, many excellent qualities that will enable creation of a new and more favorable situation in grain production: First, abundant manpower resources; second, the input-output collation takes place in the best period of time; third, a large potential for improving the quality of cultivation; fourth, much room for further structural adjustments, the harvest of high-yield crops can be further increased. Even more important is that our large contingent of cadres, after many years of practice and explorations, relying on their own strength and relying on scientific and technological progress to

develop grain production, have already accumulated much valuable experience and are full of confidence as to future development. If we rouse ourselves to high enthusiasm, work together high and low as with one heart, and fully utilize all favorable conditions, we can defeat all difficulties.

To definitely guarantee the development of agriculture, the Fifth Plenary Session demands that all party committees and governments, from central authorities down to local authorities, earnestly step up their leadership of agriculture. Prefectures and counties must concentrate major energy on development of agriculture, especially grain production. The following tasks shall therefore be firmly taken in hand during this year's work in the villages: First, agriculture must persistently occupy the most important place in strategy. It must be a serious concern of the governments and also of the party committees. Those in charge of agricultural affairs must treat it as a matter of top priority, and comrades in leadership positions at all levels of the party must concern themselves with agricultural affairs. From now on, the ability to raise grain production or the production of other agricultural and sideline products, as well as whether logistics for agriculture have been improved, will be taken as important criteria in the assessment of cadre conduct. Second, every trade and profession must show concern for agriculture, must support agriculture. No one must engage in mere "agriculture by slogans" or "agriculture by paperwork," talking of its importance while actually relegating it to an unimportant position, and it is even less permissible to live off agriculture, defy the demands of agriculture, and squeeze out personal benefits from agriculture. Every one must demonstrate with actual performances his assistance to and support for agriculture. Third, ideological-political work and building up a basic party organization are tasks to be firmly taken in hand. The crucial point is the existence of a good party branch. Once a good village party branch has been set up, it will provide cohesion and attraction, and only then will there be no "break in stratigraphic continuity" of tasks, and only then will all tasks be accomplished. Fourth, provide stronger leadership and improve leadership structure. Fifth, change work style, go deep into the realities of life for investigations and study, earnestly help the grassroot levels in the solution of some of their real problems, and, based on solid policy, continue in-depth reform in the rural areas.

Agriculture is the industry that ensures a country's peace and stability. If agriculture is stable, the country is stable; if the peasants prosper, the state prospers. "A whole year's work depends on a good start in spring." We must take full advantage of this wonderful radiance of spring, earnestly set about preparations for plowing and sowing, and strive for a good harvest this year.

**Liaoning Vice Governor Wang Wenyan Profiled**  
90ON0436A Beijing LIAOWANG [OUTLOOK]  
in Chinese No 6-7, 12 Feb 90 pp 8-9

[Article by Hubei, Liaoning, and Jiangxi correspondents Fang Zhengjun (2455 2398 6511), Wang Qixing (3769

0796 2502), Luo Guojun (7482 0948 7486): "Incumbent Provincial Vice Governors—Report on Three Democratic Party and Nonparty Personalities in Important Government Positions"]

[Excerpt] [passage omitted] In 1956, after graduating from university, Wang Wenyan (3769 2429 0337) had been teaching at Liaoning University for more than 30 years, advancing from assistant to lecturer and to professor. After the smashing of the gang of four, he was either author, co-author, or chief editor of no fewer than 30 publications.

Early in 1988, Wang Wenyan was vice chairman of the Jiusan Society's Central Committee, when he was also elected provincial vice governor by the Liaoning Provincial People's Congress, in charge of cultural and educational, as well as public health and physical education affairs. Upon assuming office, Wang Wenyan was instructed to make all arrangements for the Second National Youth Games. As many as 15,000 athletes, coaches, referees, working personnel, and reporters came from everywhere to participate in this sports event. Under the leadership of the provincial party committee and the provincial government, Wang Wenyan devised proper strategies at his command post and made a complete success of the event:

*Construction of the sports grounds and buildings.* New sports facilities were built or old ones were expanded at Shenyang and Dalian on modern, functional, and economic principles. As reviewed by the State Physical Education Committee, Liaoning did not spend too much money, the sports grounds and buildings were adequate for high-level international competitions, but consideration was also given to making them useful for ordinary daily training. The way this was handled is an experience that is worthy of being made known extensively.

*Getting the athletes together.* In view of the favorable conditions in Liaoning, which possesses ample athletes with good physiques and stamina, Wang Wenyan and the physical education commission studied and determined the strategy for Liaoning's sports development. As a result, at the Second National Youth Games, the young athletes from Liaoning captured all gold medals, all reward medals, and all group events, broke national and international records, and were first five times in rewards for good sportsmanship.

*Development of spiritual civilization.* Wang Wenyan devoted most of his energy to this matter. Before and after the competitions, one could see everywhere the emblems of the Second National Youth Games: one of the "small tigers" running, with torch high in one hand, in serious concentration, yet with a radiant smile on his face, exactly the symbol for Wang Wenyan's vision of what the new Liaoning man should look like. During the time of the games, every Liaoning city was full of flowers, and happy faces were seen everywhere. Enthusiastic, polite, courteous, and painstaking service was rendered, to the extreme satisfaction of everyone.

Education is the key task in the care of Wang Wenyuan. To resolve the problem of insufficient funds for educational expenses, he took along the leading cadre of the education commission for an in-depth investigation and study at the grassroots, and instituted work-study programs at the schools. He mobilized various circles of society and raised funds through a variety of channels to operate schools. He also formulated a series of supplementary policies, and as a result of all this, several hundred million yuan of educational funds were raised, for which he was highly praised by the State Education Commission. When he had just assumed his duties, Liaoning still had almost 1 million square meters of dangerous school buildings. This was a matter of extreme worry for him, and after half a year's effort the amount of dangerous school buildings was reduced to 570,000 square meters. This is lower than the limit of three percent prescribed by the state. However, Wang Wenyuan is not at all satisfied and said, "For those

children who attend classes in dangerous school buildings, these 3 percent are really 100 percent!" In response to the will of the masses, Liaoning Province has declared 1989 "the year for elimination of dangerous school buildings." As the result of one year's intense effort, all dangerous buildings at urban and rural universities, middle schools, and primary schools have been eliminated.

Wang Wenyuan has chosen the four words "full confidence, utter devotion" as the motto for his cooperative relation with the Chinese Communist Party and government cadres. Quan Shuren (0356 2885 0088), the Liaoning Provincial CPC Committee secretary, relies heavily on Wang Wenyuan and usually asks him to attend the meetings of the Standing Committee of the provincial party committee for consultations. Wang Wenyuan is also one who will communicate all he knows, and will do so without reservation. While working together, they have become very intimate friends. [passage omitted]

## Popularity of Independence Advocacy Explained

90ON0396B Hong Kong MING PAO in Chinese  
5 Feb 90 p 19

[Article by Shih Jan (0670 3544): "Why Is 'Independent Taiwan' Spreading So?"]

[Text] The elections for three categories of public office, often clamorous during the past months, has finally closed down just before the new year. A general look at this election will conclude that it could best be described as "turbulent." There were more than 10 parties running, violence occurred from time to time, violation of rules and regulations were numerous, bribery was commonplace. The powers that be can blame it on inexperience or lack of maturity all they want. Yet, an inescapable aftermath has been the massive expansion and growth of the independence movement.

### People Noticed the Independence Movement

The most noticeable aspects of the movement during the election were the following:

1. Former Taiwan Assemblyman Lin Yi-hsiung [2651 5030 7160] returned from the United States on 5 November 1989 and openly published his "Draft of the Basic Law of the Republic of Taiwan," the first to push for changing the state system.
2. On 6 November some members of the Democratic Progressive Party [DPP] proclaimed the forming of a "New National United Front" and declared, as its initial political proposal, "Formulate a New Constitution, Elect a New National Assembly, Establish a New Nation," promoting the idea of a nation of Taiwan as the "Switzerland of the East." They even published a "Draft Constitution for the New Nation of Taiwan."
3. Huang Hua [7806 5478], general secretary of the "New Nation Movement Headquarters," published a "Seven-Year Study Timetable for the Formal Birth of Taiwan."

All these activities signal the fact that the independence movement has moved on from just a petition drive to concrete form and substance. If its past strength rested mostly abroad, last year saw the internal and external forces blend together. It has now reached the "internalizing, organizing, and openly operating" phase. Even as Lin Chuo-shui [2651 3424 3055], the general secretary of the "New National United Front," greeted observers from Hong Kong of the Asian situation, he was stating that "they have succeeded in focusing the recent election on debate of the independence question," and "the situation is strong for us." He was very "optimistic" about resolving the "birth of the nation of Taiwan in the year 2000."

Such uninhibited expressions of the movement have logically aroused serious attention. Taiwan's newspaper editorials have strongly attacked it. A CHUNG-KUO

SHIH-PAO editorial said independence would inevitably arouse conflicts due to mainland hostility and Taiwan minority ethnic separatism. A special article in the CHUNG-YANG JIH-PAO urged an angry rejection of the movement, asking why the Justice Ministry was taking so long to conduct a lawful investigation. A CH'ING-NIEN JIH-PAO editorial labeled the independence movement's proposal to divide national territory as treason. Some political and academic figures also attacked such behavior. Assemblyman Chao Shao-kang [6392 1421 1660] considered the New National United Front's expressed support of independence as having exceeded the boundaries of free speech and harmful to Taiwan's security. Professor Miu Chuan-chi [4924 0356 0579] of the University of Taiwan's Political Science Department urged the government to deal with it or face charges of collusive criminality fomenting sedition.

### Low-Key Handling Aids and Abets the Movement's Momentum

Yet, not only have the authorities not sought to control or investigate the movement, but have taken what is labeled as "low-key handling," which is tantamount to appeasing or winking at it. Never mind that Li Teng-hui [2621 4098 6540] had stated on 9 November that "the government must make a clear and definitive stand on the words of the independence movement and react immediately." He said also on 18 November, "It would be difficult for the minority of people who connive to change our country's name and split our territory to escape the long arm of the law." On the same day, Li Huan [2621 3562] declared, "the government must deal severely with that small group of dissidents whose words do harm to the country." But during the entire election campaign, the authorities did not exercise any effective restrictive measures. Even the pro-independence elements were surprised, but they lost no time in taking advantage. One side said it would "deal with it according to law"; the other side would proceed without delay. Thus, a formerly paradoxical situation now coexists peacefully. Such pampering and eye-closing was reflected predictably in the election in the departure from the original intent of protecting election results: for instance, "independents" took over one-third of the seats gained by the DPP. The New National United Front won 20 of the 32 seats for which it had candidates.

When the election closed, Taiwan's Supreme Investigation Bureau vowed to "investigate according to law" the case of "independence speeches," but there has been no follow-up at this time. There should have been early action as a warning, but the "investigation" was "initiated" after the election, creating suspicions that they were just going through the motions. Li Huan said to the press at the close of the election that the fact that so many pro-independence United Front members were elected was a "personal" rather than a political statement. "There were other factors involved and it did not necessarily mean that the voters agreed with them." He completely walked around the fact that the government's

tolerance and ignoring had built up the power. A LIEN-HO PAO special article pointed out on 3 December that "the United Front highlighted the independence question during the election and directly got more votes for its candidates"; "the significance is that the independents were greatly helped." The facts do support this. For the pro-independence proposal and for its adherents to make such a splash the very first time they ran for office will inflame the already restive movement here and abroad. For the authorities to appease and ignore is to nurture a future calamity.

#### **There Is Evidence That the Movement Is Being Ignored**

Some people feel that the "low-key" stance during the campaign was to avoid affecting the election. Then, why has there been no activity since the end of the election? Search for reasons indicates that the independence movement might have some high-level Kuomintang functionaries in collusion with it for their own motives. In recent years, using the slogan "Fighting for Taiwan's Room for Survival," playing a game of "flexible diplomacy" and "dual recognition," Taiwan's leadership sought to secure an independent political entity for Taiwan in the international community, but unfortunately created a "two Chinas," "one China, one Taiwan" reality. When Li Teng-hui paid a state visit to Singapore, he was greeted as the "president from Taiwan." While not happy about it, he clearly indicated it was "acceptable." While speaking against the "nonrejection of international participation under the name Taiwan," it nevertheless had a subtle flavor of an independent Taiwan. Such words and deeds undeniably whip up the waves of the independence movement and form a powerful energizer for expanding the activity.

On the other hand, not long ago Chen Hsiang-mei [7115 7449 2734] visited the mainland as part of the Taiwan Industrial-Commercial Observation Group. Even before he left, the authorities announced that even if these people had gone to "visit relatives," they would be dealt with after a "definitive investigation." The "Draft Interim Regulations for the Governance of the Relations of People of the Two Shores" is full of restrictions and economic trade between the two shores is still regarded as criminal activity.

The fact that there is continued insistence in the open that there can be only one China, and at the same time to be tolerating the independence movement is not lost upon its adherents. New National United Front Secretary Lin has said, "For many years, numerous policies of the Kuomintang were actually Taiwan's policies; it's just that the word 'independence' was well hidden. It is time to expose this charade."

The three public office elections are over. It is now almost time for presidential and vice presidential elections. It is reported that Li Teng-hui would like to be reelected. If so, may he carry out his pledge when he first assumed office to follow the policy of one China and to make real the stability and prosperity of Taiwan.

#### **DPP Delegation Plans Visit to Mainland**

90ON0396C Hong Kong MING PAO in Chinese  
8 Feb 90 p 9

["Special" to MING PAO: "Democratic Progressive Party Plans To Visit Mainland in Two Years"]

[Text] The Taiwan Democratic Progressive Party's Central Committee plans to form a delegation to visit the mainland within the next two years. Party Secretary Chang Chun-hung [1728 0193 1347] stated that he was extremely enthusiastic about prospects for success, and that he felt the day was not too far away when there will be a chance for his party to represent the people of Taiwan and enter into political dialogue with the Chinese Communists.

Chang revealed that as early as June 1988, Huang Hsin-chieh [7806 0207 0094] and he had been thinking of organizing a delegation to visit the mainland, and in principle had picked Assemblymen Chiu Lien-hui [6726 6647 6540], Hsu Kuo-tai [6079 0948 3141], Hsu Jung-shu [6079 2837 3219] and Lin Cheng-chieh [2651 2973 2638] as delegates.

At the time, they had planned to propose four principles to discuss: 1) assurance that there will be no Communist takeover of Taiwan by force; 2) respect for the wishes of Taiwan's people concerning its future; 3) a mutually agreed upon Basic Law governing the two opposite shores of the Taiwan Strait; and 4) reentry of Taiwan into the international community.

Chang Chun-hung stated that the Communist silence about the visit constituted an indirect concurrence since it had not been openly rejected. But when he and Huang Hsin-chieh visited Japan and the United States to set up liaison and arrangements, overseas Taiwanese expressed opposition, and they were forced to abandon the project. But when they returned to Taiwan, they were set upon by other factions in their party and by independence activists to pursue it.

The opinion in Taiwan is that this resurfacing of the proposal to visit in the wake of entrepreneurial tycoon Wang Yung-ching's [3769 3057 1987] visit to the mainland for study has caught people's attention. If this plan becomes fact, it will be the first time in 40 years that Taiwan's grassroots leadership and opposition elements have sortied to the mainland.

### Scholar Appraises Post-1996 Form of Government

90ON0439B Hong Kong TA KUNG PAO in Chinese  
20 Feb 90 p 7

[Article by correspondent Lui King-pan (7191 4552 2430): "Return to Reality of Basic Law Political System Plan—A Look Back and a Look Ahead by Lau Siu-kai (0491 0340 0163), director, Hong Kong Studies Center, Hong Kong Chinese University"]

[Text] Once the plenary session of the Basic Law Drafting Committee passes the Basic Law draft, I believe that the enduring controversy about the Basic Law draft, particularly about articles bearing on the political system issue, will come to an end. Lau Siu-kai, director of the Hong Kong Studies Center at Hong Kong Chinese University, states that the newly revised government system plan in the draft actually reflects that both China and the United Kingdom have returned anew to a realistic position regarding the Hong Kong political system issue. He also predicts that before 1997 a ruling nucleus supported by both the Chinese and British Governments will appear in the way in which Hong Kong is ruled, and that a moderate conservative ruling elite will become responsible for the task of exercising control.

#### Initial Controversy and Consensus About the Trend

In reviewing the past controversy about Hong Kong's political system, Lau Siu-kai said that this was caused at first by the green book on a parliamentary government system promoted by the British Government. In the development of a parliamentary system, plus the introduction of a democratic faction, the discussion about the system of government at that time centered on how the Legislative Council would be elected and how it would supervise the executive branch. The content of discussion had a pronounced British parliamentary flavor. Later, with the Chinese disclosure of a political system plan for consultation about the Basic Law, as well as the intervention of moderate conservative Hong Kong political forces, the trend of discussions turned gradually toward the issue of the authority of the executive. By the beginning of 1989, the residents of Hong Kong had actually established a sort of consensus, which included recognition of a senior executive officer and his executive structure as a center for discussion, and which also accepted that the senior executive office would be influenced by China to a certain extent.

#### Conflicts Following the Beijing Disturbances

As for the role of the Legislative Council, Lau Siu-kai also believes that it will come to have two functions: 1) to make every effort to encompass disparate socioeconomic interests to take part in the work of the Legislative Council, thereby representing constituent functional groups; and 2) a checks and balances function, using veto of the senior executive officer's decisions in the exercise of its function of checking and balancing the executive organ.

Lau Siu-kai explained that, after establishing the foregoing consensus, questions pertaining to the development of the future political system are nearing an end. The only thing remaining to be discussed is the issue of the distribution of Legislative Council seats, and this is unlikely to produce a situation of too intense confrontation.

However, as discussions of the Basic Law were nearing completion, the Beijing disturbances occurred during June 1989, completely changing the atmosphere. Lau Siu-kai said that accompanying the change in political atmosphere was the appearance of a conflict between China and the United Kingdom, with a conflict between China and Hong Kong sandwiched in.

#### Consideration of Departure From Basics

Speaking about the conflicts that had come to the fore within Hong Kong, Lau Siu-kai said that the situation at that time was also very grave. First of all, the conflict between China and the United Kingdom made very many people wonder what stand to take on the form of government. This indirectly caused a strengthening of the camp calling for the development of democracy, and public arousal increased their political demands. In addition, in the wake of the Beijing disturbances, a contest of will and authority existed among the political elite in Hong Kong. In particular, China's resort to a tough attitude in responding to the too-high political demands of the democratic faction caused the democratic faction to withdraw from discussion of the political system in formal channels, and once the political elite's moderate conservative forces were no match for the democratic faction adversary, further internal splintering occurred as the Sino-British conflict intensified.

Lau Siu-kai used the term "overloading" to describe the effects on political system discussions of the foregoing various conflicts that the Beijing disturbances introduced into the political system discussion arena, and this controversy led to further splitting of members able to form the Legislative Council, and a weakening of their check and balance role. Ultimately, it strengthened the authority of the executive. Lau Siu-kai criticized discussions of the political system among all walks of life in Hong Kong during the past several months for departing from consideration of basics in the development of a political system for Hong Kong. He said these basics include the following: 1) As a capitalist society, Hong Kong needs a relatively centralized political system to resolve conflicts between political and socioeconomic forces. So long as capitalism is maintained, opportunities for all political forces to obtain fairly equal rights are very slight. 2) During the transition period, China requires the United Kingdom's cooperation in arranging the takeover. Likewise, the United Kingdom also requires China's support in consolidating its controlling position. 3) Only if Hong Kong cooperates with the Chinese mainland on the basis of shared interests can it have a future. If only conflicts occur, this will hurt the survivability of Hong Kong. 4) Hong Kong will need a

strong government during the transition period in order to solve difficulties and instabilities during the period, and to develop a more democratic political system will not help bring about a strong government. Likewise, the existence of a strong government will not help development of a more democratic political system.

#### How Unrealistic Demands Appear

Lau Siu-kai believes that the degree to which unrealistic demands have appeared in discussions of Hong Kong's political system during the past several months is a reflection of the lack of experience of Hong Kong's political elite. Possibly another reason for these demands is that the political elite feels that prevailing political factors in Hong Kong are not important. Lau Siu-kai also offered three points in explanation of the reasons for such ideas: 1) The political elite regards the interests of individual persons and individual groups as higher than concern about the political system issue, with the result that controversy about the political system issue also becomes individual controversy about political issues. 2) Regarding a temporarily odious political atmosphere as a long-term phenomenon. 3) Extrapolating the above conditions to a regard for Hong Kong as the worst environment for discussion of a political system issue, intensifying conflicts existing among them.

#### Strong Executive Authority Overtones in New Plan

Lau Siu-kai said that the new political system plan formulated on the basis of the Basic Law draft might be said to be a return to reality by China and the United Kingdom. It is a result attained after both sides discarded an abnormal political climate to return to realistic consideration. He said that comparison of the new plan and the former "Cha Cha model" might be said to show no major changes, but the executive authority overtones of the new plan are stronger than in the "Cha Cha model."

Considered realistically, Lau Siu-kai said that the Hong Kong Government is currently inclined toward political authoritarianism, one evidence of which is the Hong Kong Government's expansion of government departments to strengthen its centralization of power. There is other evidence as well.

Lau Siu-kai said that during the transition period, solution to various difficulties and instabilities lies in reliance on a strong government able to solve problems. However, in view of basic elements in Hong Kong's political realities, the formation of an authoritative "Hong Kong Government" before 1997 will naturally require more than simply the existing Hong Kong government bureaucratic structure. It will require a ruling nucleus supported by the governments of China and the United Kingdom in partnership, as well as a ruling alliance made up of a moderate and conservative political elite.

#### Committee Members Discuss Draft Basic Law

90ON0439A Hong Kong MING PAO in Chinese  
20 Feb 90 p 20

[Article: "On the Basic Law Drafting Committee Conference"]

[Text] Hong Kong-Taiwan "1990's Overall Review" Seminar

Speakers: Miss Maria Tam Wai-chu [6223 1920 3796] (member, Basic Law Drafting Committee), Mr. Raymond Wu Wai-yung [3527 4850 1661] (Basic Law Drafting Committee member), Mr. Tam Fai-chung [6223 6540 1350] (Basic Law Drafting Committee member), Mr. Szeto Wah [0674 1778 5478] (Legislative Bureau member), Mr. Kwok Chi-kuen [6753 1807 2938] (deputy chairman Basic Law Advisory Committee). Moderator: Tai Kin-man [2071 0256 2429]. Scenarist Director: Lo Yuk-ying [5012 3768 5391]. Script Writer: Wong Yuen-i [7806 1238 0308].

#### Evaluation of the Drafting Committee Conference

Miss Maria Tam Wai-chu: Two or three days ago, everyone got a good idea of the final outcome of the Drafting Committee Conference. On the final decision, my view is that relations between China and the region are developing in a feasible way, but a lot of effort will still be required. Furthermore, I still have some reservations about legal jurisdiction. Culture and education, and foreign trade are all right, but the articles relating to the political system are much more progressive than the Cha Cha model. They are also more ideal than the Hong Kong people's political system, but still rather far from the mark. I feel satisfied about most of the political system, but there are some articles in it, such as the counting of ballots on the basis of separate groupings [fenzu jipiao 0433 4809 6060 4384], that I voted against.

Mr. Raymond Wu Wai-yung: It is impossible to be completely satisfied. The standard is relative rather than absolute. By comparison with the Cha Cha model, this model is certainly a great improvement. Everyone has a different idea about the basic law. It is very difficult to make everyone happy. The best thing to do is work hard to get the best result.

Mr. Tam Fai-chung [6223 6540 1350]: I feel that the work on drafting the basic law is, as Deng Xiaoping said, imbued with creativity. People in Hong Kong have suggestions about the drafting of the Basic Law, and the work is rather complex and daunting. In addition, the advent of the 4 June incident has made the drafting task even more difficult. I feel that everyone has worked very hard to harmonize the views of all strata in both China and Hong Kong, and the results have now appeared. I hope they will be accepted by the people of Hong Kong, and that they will lay a foundation for the development of Hong Kong.

Mr. Szeto Wah: I feel more was promised than has been delivered. The Basic Law should be in accordance with

the spirit and the articles of the Sino-British Joint Declaration and in keeping with the desires of the people of Hong Kong. By this standard, the Basic Law does not pass the test. Not only am I extremely disappointed and dissatisfied, but I support the university and college students' legislative and constitutional revision movement. In this conference, before old enmities disappeared, new animosities arose. The former unfair articles were not revised. For example, problems such as legal jurisdiction, nationwide laws, subversion, and martial law decrees remain unsolved. One has to look at the situation as a whole. One cannot say that so many articles are satisfactory and so many articles are unsatisfactory.

**Mr. Kwok Chi-kuen:** After many years, the Basic Law model is basically acceptable. We have considered and consulted a very great deal, and finally the Basic Law is rather good. On the political system side, the democratic pace has been faster than we expected. After revision of objective political clauses, it can be accepted.

#### **Is the Basic Law in Keeping With the Joint Declaration?**

**Mr. Raymond Wu Wai-yung:** If the basic law were not in keeping with the Sino-British Joint Declaration, I believe either the British or the Chinese would stand up and say so. Those of us who did not take part in the negotiations should consider well before coming out and saying it is or is not in keeping with the Joint Declaration, or that it is or is not appropriate.

**Miss Maria Tam Wai-chu:** What is written in the Sino-British Joint Declaration should not clash with what is written in the Basic Law. But whether it violates the Joint Declaration is an issue pertaining to authority that should be addressed by the two signatories. As for the proportional issue between the political system and other articles in the Basic Law, the Basic Law says nothing in detail about human rights, the economy, and social welfare, so in the final analysis, the legal system is the soul. Whatever the case, the Basic Law has been written. Now, capable people have to be found to put it into effect and bring the Basic Law to life.

**Mr. Tam Fai-chung:** In the drafting process, extraordinary attention was paid to the choice of language to express the spirit of the document, but everyone places a different construction on it. Is it possible that China and the United Kingdom have already conducted private negotiations, and that we are just approving superficialities? In the process in which I have participated, no such problems have been found.

**Mr. Kwok Chi-kuen:** Everyone felt very earnest about the drafting process, and the members of the drafting committee turned in a good performance under the pressure of political realities.

**Miss Maria Tam Wai-chu:** Everyone discussed the drafting work up until the 4 June incident. After the 4

June incident, everyone was filled with fear and trepidation. This, in conjunction with changes in the international climate, made people feel that, considering the powerful political whirlpool and the world atmosphere, even with maximum exertion it would not be possible to achieve one's ideal.

**Mr. Kwok Chi-kuen:** I have also lobbied for causes, and the drafting committee's work is very difficult. Overall, the results of the conference deserve to be supported.

**Mr. Raymond Wu Wai-yung:** This is a question of degree. One has to recognize from beginning to end where one's efforts went. Certainly, before 4 June, our efforts were certainly much greater than after 4 June. I never had high expectations about the strength of the drafting committee. If one recognizes that the situation in inland China is different from in Hong Kong, there can be no illusions.

**Mr. Szeto Wah:** Even though the efforts one makes cannot attain the set objectives, one is no rubber stamp. Although very many things cannot be done, one must carry out one's responsibilities insofar as possible.

#### **Is the Counting of Ballots on the Basis of Separate Groupings Desirable?**

**Miss Maria Tam Wai-chu:** The overall political system favors the executive somewhat, and more than we would like. This was a change made following the 4 June incident. As for the counting of ballots on the basis of groupings, my greatest hope is that this method will not be used; but this was reduced to a proposal by individual members, but it was not changed, so I voted against it.

**Mr. Szeto Wah:** The counting of ballots on the basis of groupings is somewhat antiquated, and worse than formerly. Originally, both government and assembly members proposed balloting by separate groups; However, now, the government's proposal does not permit casting ballots by groups, but the assembly members' proposal, including the revised proposal, is for casting ballots by separate groups. Administrative authority is even stronger, making it more difficult to propose a motion for revision. Legislative organs' ability to exert checks and balances on administrative organs has become weaker, so checks and balances exist among opposing groups within the legislative organ, and the pattern of administrative authority is stronger.

**Mr. Kwok Chi-kuen:** If we look back at the neutrality plan, the government should not count ballots by groupings. In principle, we did not want to count ballots by groupings as the government plan wanted. The revision was made out of concern for China, because the revised proposal might differ entirely from the original motion.

**Mr. Szeto Wah:** The purpose was to make passage of government proposals easy, so even if legislative council members did not agree with them, revisions would be difficult to make.



**Mr. Tam Fai-chung:** The counting of ballots by groupings is rather controversial. I also felt very greatly frustrated. The legislators in inland China seemed to have a unanimous view of this, but they finally accepted the Hong Kong view. Consideration was given to the government's not using this method when proposing this bill and resolution, yet they required it be retained when legislative council members made a proposal. To say that the counting of ballots by groups is not democratic seems unconvincing, because voting by groups can protect the views of the minority to a certain extent. In the revision, the counting of ballots by groups is retained for legislative members' proposals. I do not regard it as a major problem. Besides, Legislative Council members propose few bills or resolutions.

**Mr. Raymond Wu Wai-yung:** I feel that many proposals have been discussed in diplomatic channels between China and the United Kingdom, but on the concession regarding the counting of ballots by groups, it was Hong Kong that marshaled everyone's views and strength. In addition, the Hong Kong drafting committee was unanimous, and all parties worked to bring it about. I feel that in the final analysis the counting of ballots by groups will not cause members of the Legislative Council to pass or veto bills reluctantly because of the interests of their own special unit or as representatives of a minority. The interests of the whole will not be damaged because of the interests of a small number of people.

#### Controversy About the Pace of Democracy

**Miss Maria Tam Wai-chu:** The reason I supported 4-4-2 was that I support one-third direct election, one-third functional groups, one-third general election blocs; and so, the 4-4-2 groups are closest to and have hastened the optimum groups that I originally believed in. First, 4-4-2 can be misunderstood to be a democratic faction "Trojan horse scheme." Second, 4-4-2 jumps faster than the 27.5 percent of the Cha Cha model; and, finally, support has become less, so it cannot be proposed. The pace today is slower than what I consider ideal; however, in 1991, more than half of Hong Kong's legislative organs will be elected. There is no need to be concerned over the legislative seats issue. Overall, the effect will not be too great.

**Mr. Raymond Wu Wai-yung:** In comparison with previous plans, the plan proposed this time is improved as far as the desires of the people of Hong Kong are concerned. When the opposition does not consider 4-4-2 at all, we should propose the essence of 4-4-2. Although not completely acceptable, just getting a little closer is an achievement. Moreover by 2007, the system will certainly undergo criticism. Executive or legislative organs will have to be criticized. When procedures are passed by two-third, no counting of ballots by groups will be necessary, and this will successfully demolish this restriction.

**Mr. Szeto Wah:** The Sino-British Joint Declaration did not raise the issue of the legislative organ's 20 percent

limitation. In the Joint Declaration, the senior executive officer and officers above the department level are permanent Chinese residents. This has now been broadened to include the chairman of the Executive Council and the Legislative Council. This exceeds the stipulations of the Joint Declaration. It has not been written down, so whether it can be added to arbitrarily is an issue that merits discussion.

**Mr. Kwok Chi-kuen:** The increase in the number of directly elected seats to 20 in 1997 is considered fair. One has to be careful about doing things, especially during the transition period when special care should be taken.

**Mr. Tam Fai-chung:** This decision represents progress over the last time and no small amount of progress. This conclusion is a compromise. Now there are direct elections where there were none. The method of advancing step-by-step to 30 percent and 50 percent is not bad at all.

#### UK Criticized for Procrastinating on Aid to Vietnam

HK1903031390 Hong Kong SOUTH CHINA  
MORNING POST in English 19 Mar 90 p 2

[By Fiona MacMaon]

[Text] The Save The Children Organisation has attacked the British Government for procrastinating over the question of aid to Vietnam, saying the UK should have taken unilateral action if it really wanted to solve the Vietnamese boat people problem.

The director of the Hong Kong office, Mr. Phillip Barker, said he welcomed the recent initiatives proposed by the United Nations High Commissioner for Refugees, Mr Thorvald Stoltenberg, which included a call for an end to the economic freeze on loans from institutions such as the World Bank to Vietnam.

But Mr Barker argued that Britain could have done much to reduce the pressure on Hong Kong if it had made funds available for work inside Vietnam instead of directing all efforts towards getting an agreement on mandatory repatriation.

"The hardship caused to Vietnamese in the camps in Hong Kong this time round results in large measure from the British Government's failure to address the root causes of the problem over the past year.

"Her Majesty's Government has concentrated exclusively on the issue of mandatory repatriation and has ignored the need for development assistance to Vietnam which would help to prevent people from leaving in the first place," Mr. Barker said.

He said Save the Children and other British nongovernment organisations had been pressing the UK Government to make funds available but had always been ignored.

"Her Majesty's Government should have the courage to make a unilateral gesture towards Vietnam without waiting for an agreement on mandatory repatriation.

"Otherwise the burden on the Government and people of Hong Kong will continue to be intolerable," Mr Barker said.

It is believed that Britain is reluctant to give aid to Vietnam because aid is its main bargaining chip in the difficult negotiations with the Vietnamese on mandatory repatriation.

A group of 51 boat people were mandatorily repatriated to Vietnam in December last year, but the Vietnamese

Government has since refused to accept any other boat people screened out as nonrefugees.

Save the Children has already started on the ground work for developing longterm aid projects in Vietnam.

Their work in the country dates back to 1966.

At the moment, the focus is on health and nutrition, local income generating schemes, disaster preparedness, such as dyke building against floods, and social welfare training.

Local income generating projects already sponsored by Save the Children in Vietnam include assistance to Vietnamese women involved with big and children rearing.

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